

NATIONAL COUNCIL OF FARMER COOPERATIVES

FARM BILL FRAMEWORK

Rural America is characterized by individual initiative and self-reliance – the bedrock of our nation’s culture and character. It’s how American agriculture became the envy of the world. That spirit of working together lives and thrives today in the 2,000 farmer co-ops that are providing for America.

Farmer-owned cooperatives are central to America’s abundant, safe and affordable food, feed, fiber and fuel supply. Through their cooperatives, farmers are able to improve their income from the marketplace, manage risk, and strengthen their bargaining power, allowing individual producers to compete globally in a way that would be impossible to replicate as individual producers. By pooling the buying power of hundreds or thousands of individual producers, farmer cooperatives are able to supply their members—at a competitive price—with nearly every input necessary to run a successful farming operation, including access to a dependable source of credit. Furthermore, farmer cooperative members also are able to capitalize on new marketplace opportunities, including value-added processing, to meet changing consumer demand.

Public policy should continue to protect and strengthen the ability of farmers and ranchers to join together in cooperative efforts that maintain and promote the economic well-being of farmers, ensure access to competitive markets, and help capitalize on market opportunities.

FARMER CO-OP IMPACT

TOTAL SALES	\$210.5 BILLION	PATRONAGE INCOME	\$838 MILLION
FARMER MEMBERS	1.9 MILLION	JOBS	300,000
VALUE OF ASSETS OWNED	\$80.6 BILLION	NET INCOME	\$7 BILLION

Statistics from 2015 USDA data, except employment numbers which are approximate and based on NCFC analysis of industry data.

GENERAL PRINCIPLES

Farm bill programs serve a variety of purposes including: meeting the food, fuel and fiber needs of consumers worldwide, strengthening farm income, improving our balance of trade, promoting rural development and creating needed jobs here at home.

NCFC will continue to work with farm and commodity groups and other allied interests in support of farm legislation, together with needed funding, that builds on the success of the 2014 farm bill.

NCFC strongly recommends that the next farm bill strengthen the nation’s farmer cooperatives by:

- Promoting the continued viability of the Capper-Volstead Act and other cooperative statutes.
- Promoting farmer cooperatives and their abilities to enhance competition in the agricultural marketplace by acting as bargaining agents for their members’ products; providing market intelligence and pricing information; providing competitively priced farming supplies; and vertically integrating their members’ production and processing.
- Supporting the cooperative Farm Credit System.
- Ensuring farmer cooperatives are eligible to leverage federal programs for the benefit of their farmer members.
- Expanding all U.S. agriculture exports and global competitiveness, including through substantially improved access to foreign markets.

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GENERAL PRINCIPLES (CONTINUED)

- Supporting of a responsive safety net, together with adequate funding, that incorporates improved, comprehensive risk management tools and programs for producers and their cooperatives.
- Ensuring our farmers and ranchers have access to labor so they can continue to harvest our crops and care for livestock here in the United States.
- Supporting responsible and cost-effective regulatory policies that provide a safe and productive work environment while promoting our economic competitiveness.

Additionally, trade is vital to the continued prosperity of co-ops and their farmer and rancher members—with over 95 percent of the world's population living outside of the United States, our agricultural producers need foreign markets to grow demand and the programs that serve as catalysts to increased market access.

As was the case with the 2014 farm bill, the upcoming farm bill debate will be presented with the challenge to be fiscally responsible. Farmer co-ops are mindful of this challenge. At the same time, it is imperative that Congress recognize the continued importance of farm bill policies that promote a healthy and competitive U.S. agricultural sector. That recognition starts with providing adequate resources to support policies in the next farm bill that will preserve the productive capacity of our farms in times of poor production or prices.

We urge members of Congress to protect and strengthen the farm bill's longstanding structure that supports our entire food and fiber chains. A strong farm bill supports our farmers and ranchers, feeds our nation and those who have fallen on hard times, protects our vital natural resources, and brings both urban cities and rural communities together. This strong collaboration is critical to the success of the farm bill.

While not traditionally addressed through the farm bill, an issue at the top of many farmers and ranchers mind is access to the workforce they need to harvest the crops and care for the livestock. This lack of labor is a critical threat to the long-term viability of production agriculture in the United States. Congress must act now to provide much needed reform to our current agricultural guest worker system if we want these farmers and ranchers to utilize these farm bill programs and continue providing the food and fiber for not only Americans but around the world.

Finally, recent estimates by the United Nations show world population growing to 9.7 billion people by 2050; a vibrant, productive U.S. agricultural economy will be key to feeding and clothing a growing world. The next farm bill must be written to ensure that American farmers and ranchers have the tools and technologies needed to meet this challenge.

ABOUT FARMER CO-OPS

In agriculture, there are more than 2,000 farmer cooperatives whose members include a majority of our nation's 2 million farmers and ranchers. These include:

Marketing Cooperatives – which handle, process and market virtually every commodity grown and produced in the United States.

Bargaining Cooperatives – which bargain to help their farmer members obtain reasonable prices for the commodities they produce.

Farm Supply Cooperatives – those engaged in the manufacture, sale and/or distribution of farm supplies and inputs, as well as energy-related products, including ethanol and biodiesel.

Credit Cooperatives – include the banks and associations of the cooperative Farm Credit System that provide farmers and their cooperatives with a competitive source of credit and other financial services, including export financing.



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TITLE I & XI – COMMODITIES AND RISK MANAGEMENT

- Maintain and strengthen the ability of farmers to participate in federal farm and other programs, including commodity purchase programs, by preserving the ability of farmers to access these programs through their cooperatives.
- Provide a responsive safety net, together with adequate funding, that meets the varying needs of U.S. producers while ensuring the long-term viability, health and competitiveness of U.S. agriculture.
- Preserve the current sugar program.
- Strengthen the dairy program in order to reduce extreme volatility and create a viable and effective domestic safety net for producers with a focus on protecting the operating margin experienced by producers as reflected by milk price and input costs.
- Support inclusion of cotton (fiber and seed) policy in Title I commodity programs to provide a safety net equitable with other crops during periods of low prices and depressed market conditions.
- Support lowering the threshold for losses in the Tree Assistance Program to improve accessibility to the program.
- Provide improved risk management tools and programs for farmers, including crop insurance, and ensure that farmer cooperatives are able to be part of the delivery system.
- Obtain improvements in the scope, availability and delivery of crop insurance for the specialty crop industry, including creation of food safety and quarantine policy riders allowed in statute.
- Support policies that enhance the ability of U.S. farmers to produce food, feed, fiber and fuel using technologies that are based on proven science, including biotechnology.

TITLE II – CONSERVATION

- Support the continuation of voluntary, locally-led programs which recognize the uniqueness of the agricultural community and which operate under the parameters of the nationally determined general priorities.
- Support elimination, or at a minimum, an increase of the current Adjusted Gross Income limitation on conservation programs to encourage greater delivery of program goals.
- Maintain mandatory funding at the current authorized levels for USDA working lands conservation programs, including the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP).
- Support improvements and funding for technical assistance programs for public and private providers, allowing NCFC member cooperatives to provide technical service to their service areas.
- Codify USDA Natural Resources Conservation Service's (NRCS) science-based data collection abilities through programs like the Conservation Effects Assessment Program (CEAP) to help show how conservation measures are working to improve environmental conditions. NCFC supports making these reports permanent to help develop science-based, data-driven policy with regard to nutrient management.
- Support changes in the Conservation Reserve Program (CRP) to ensure it maximizes environmental benefits for the most environmentally sensitive lands such as field borders and filter and buffer strips, and other areas needed for conservation, and has the flexibility to be used for agricultural production. CRP rental rates should be market-drive and backed by USDA National Agricultural Statistical Service data.

TITLE III – TRADE

- Enhance USDA international programs and provide the resources necessary to meet current and projected needs over the life of the 2018 farm bill.
- Advocate the importance of USDA's Foreign Agricultural Service and export programs to enhance our ability to expand agricultural exports. This includes increased funding beyond the \$200 million for the Market Access Program (MAP) and \$34.5 million for the Foreign Market Development Program annually.

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TITLE III – TRADE (CONTINUED)

- Continue to advocate preferences for cooperatives in USDA's export programs and ensure continued eligibility for farmer cooperatives to access MAP directly.
- Support modification to allow use of funds under the Technical Assistance for Specialty Crops (TASC) program to address emerging trade barriers.
- Seek mandatory funding for the Global MRL Database, the Grower MRL Database and the IR-4 project to support specialty crop requirements to access international markets and facilitate registrations of pest management tools to fight invasive pests.
- Expand market analysis and other research activities at USDA with the goal of increasing the agricultural trade surplus.
- Advocate the continuation of viable USDA Export Credit Guarantee Programs, consistent with existing WTO obligations.

TITLE IV – NUTRITION

- Support USDA food and nutrition programs, including Section 32 and commodity purchase programs, together with needed funding, to help achieve their important objectives.
- Maintain the ability of farmers who cooperatively market their products and their cooperatives to continue to be eligible under USDA commodity purchase programs.
- Encourage USDA's food and nutrition programs to provide all forms of fruits, vegetables, and tree nuts as outlined in the 2015 Dietary Guidelines.

TITLE V & VI – CREDIT AND RURAL DEVELOPMENT

- Reauthorize USDA's Value-Added Producer Grants Program.
- USDA rural development programs should prioritize modern production agriculture as essential to rural development.
- Farmer cooperatives should receive preference in recognition of their abilities to aggregate producers and deliver the greatest benefit broadly.
- Improve USDA farmer cooperative programs, including research, education and technical assistance. Provide additional direction to USDA's Rural Business Cooperative Service program area in support of farmer cooperatives.
- Encourage expansion of broadband service to rural areas through programs that ensure rural broadband providers, especially cooperatives, are not disadvantaged.
- Coordinate with the Farm Credit Institutions as they develop system-wide priorities for the next farm bill.

TITLE VII – RESEARCH

- Support robust funding and coordination for agricultural research.
- Seek funding for specialty crop research to improve crop characteristics; address threats from pests and diseases; improve production efficiency; promote innovation and technology, including mechanization; and reduce food safety hazards.
- Support designating as a high priority research that examines nutrient management practices based on source, rate, timing and placement of nutrients.

TITLE IX – ENERGY

- Continued support for expanded federal fleet requirements and use of biofuels and procurement programs for biobased products.

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TITLE IX – ENERGY (CONTINUED)

- Maintain USDA loan and grant programs, including special provisions for farmer cooperatives, to encourage production, innovation, utilization, distribution and market stability of renewable energy, including from crops and livestock.
- Encourage increased research relating to production, utilization and distribution of renewable energy, including from biomass, animal waste and byproducts, etc.
- Support voluntary policies promoting the development of technologies to further utilize manure as a feedstock to produce gas, fuel, or electricity, especially if these projects are cost-effective and provide an economic benefit to farmers and/or farmer-owned cooperatives.
- Support federal programs to enhance public awareness, education, and promotion efforts to encourage utilization of renewable fuels.

TITLE X – HORTICULTURE

- Seek funding and increased coordination between federal, state, and local government agencies and industry stakeholders, including farmers and their cooperatives, in the prevention and treatment of plant pests and diseases that could harm domestic production and/or international trade.
- Provide necessary funding to facilitate registrations of modern pest management technology to fight the ever increasing number of invasive pests.
- Support promotion and innovation in the specialty crop industry through the Specialty Crop Block Grant Program which supports research, agricultural extension activities, and programs for the specialty crop industry.

TITLE XII – MISCELLANEOUS

- Support policies that enhance the ability of cooperative members to raise animals for food and fiber using practices and technologies that are based on proven science, are economically sound, provide for the proper care and well-being of the animals, and ensure the safety of animal agriculture products to provide the American consumer with a high-quality source of protein.
- Establish with necessary funding a Foot and Mouth Disease (FMD) vaccine bank to protect against all 23 of the most common FMD strains currently circulating in the world.
- Support policies to enhance business opportunities for livestock and poultry producers as well as their farmer-owned livestock marketing associations by providing the freedom and flexibility to engage in new market innovations.
- Oppose federal policies that negatively impact producer-owned livestock marketing associations by limiting the marketing options of the cooperative and its members.