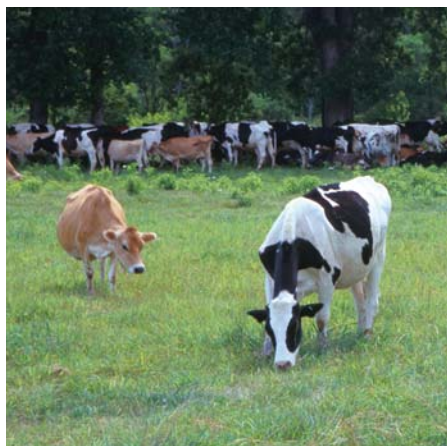


Freshman Economics



SUBSIDY REFORM WOULD HELP MORE FARMERS IN FRESHMAN DISTRICTS

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ENVIRONMENTAL DEFENSE

finding the ways that work

Subsidy reform would help more farmers in freshman districts

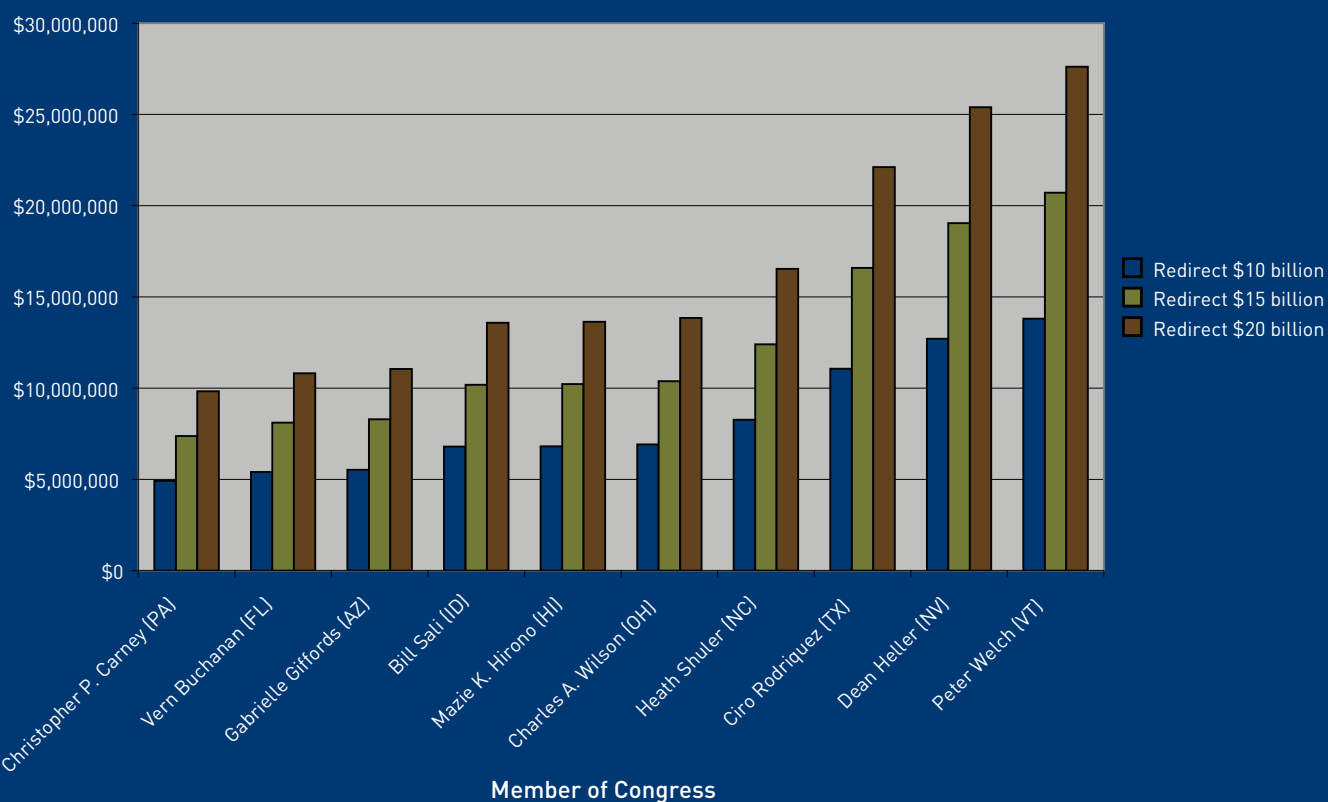
Redirecting “direct” subsidy payments to share the cost of clean water, clean air, and wildlife habitat would help more farmers and increase overall farm spending in 36 of the 55 districts represented by freshman members of the U.S. House of Representatives.

To assess the benefits of reforms that would divert some subsidy payments to working lands conservation programs like USDA’s Environmental Quality Incentives Program, Environmental Defense considered three scenarios: diverting \$10 billion of direct payments over five years to working lands conservation programs, diverting \$15 billion of direct payments over five years to working lands conservation programs, and diverting \$20 billion of direct payments over five years to working lands conservation programs. To estimate conservation expenditures, we applied the distribution ratios for working lands conservation programs between 1995 and 2005 to the new investments considered under our scenarios.

Under each of the scenarios, farmers in 36 of 55 districts represented by freshmen members of the House received more funding than they would through a simple extension of the current farm bill. In particular, farmers in rural districts in Ohio, Wisconsin, Pennsylvania, New York, Vermont, New Hampshire, Florida, and California would receive more funds under all of the scenarios we considered.

Many freshman members of the House represent urban and suburban districts and would see little change in farm spending in their districts. In some cases, however, farmers in districts represented by freshmen would receive significantly more funding through subsidy reforms than through an extension of the current farm bill. For example, farmers in rural districts represented by Reps. Zachary Space (D-OH), Gabrielle Giffords (D-AZ), Bill Sali (R-ID), Jerry McNerney (D-CA), Tim Mahoney (D-FL), Mazie Hirono (D-HI), Dean Heller (R-NV), Charles Wilson (D-OH), Peter Welch (D-VT), Chris Carney (D-PA) and Ciro

Top 10 Freshman Congressional Districts



Direct Payments + Working Lands Incentives by District

		Reform Scenario—Redirecting Portions of Direct Payments to Working Lands Conservation		
Democrats	Extension	Redirect \$10 billion	Redirect \$15 billion	Redirect \$20 billion
Name	Annual Average	Annual Average	Annual Average	Annual Average
8 Gabrielle Giffords (D-AZ)	\$10,605,882	\$16,133,763	\$18,897,703	\$21,661,643
11 Jerry McNerney (D-CA)	\$6,296,309	\$8,591,370	\$9,738,900	\$10,886,431
2 Joe Courtney (D-CT)	\$2,794,780	\$4,828,854	\$5,845,891	\$6,862,928
5 Christopher S. Murphy (D-CT)	\$2,423,559	\$4,487,977	\$5,520,186	\$6,552,395
11 Kathy Castor (D-FL)	\$76,691	\$148,973	\$185,114	\$221,255
22 Ron Klein (D-FL)	\$113,637	\$220,740	\$274,292	\$327,844
16 Tim Mahoney (D-FL)	\$4,027,599	\$7,758,551	\$9,624,028	\$11,489,504
2 Mazie K. Hirono (D-HI)	\$7,230,653	\$14,045,595	\$17,453,066	\$20,860,537
3 John A. Yarmuth (D-KY)	\$74,650	\$80,332	\$83,172	\$86,013
3 John P. Sarbanes (D-MD)	\$61,091	\$98,184	\$116,731	\$135,278
5 Keith Ellison (D-MN)	\$11,150	\$11,755	\$12,058	\$12,360
2 Paul W. Hodes (D-NH)	\$4,760,450	\$8,852,520	\$10,898,554	\$12,944,589
1 Carol Shea-Porter (D-NH)	\$1,691,720	\$3,219,013	\$3,982,660	\$4,746,307
24 Michael A. Arcuri (D-NY)	\$11,478,391	\$15,364,982	\$17,308,278	\$19,251,573
20 Kirsten E. Gillibrand (D-NY)	\$5,969,691	\$8,700,209	\$10,065,467	\$11,430,726
19 John J. Hall (D-NY)	\$3,144,460	\$5,787,456	\$7,108,953	\$8,430,451
11 Heath Shuler (D-NC)	\$9,049,039	\$17,315,995	\$21,449,473	\$25,582,951
18 Zachary T. Space (D-OH)	\$17,276,752	\$22,074,258	\$24,473,011	\$26,871,764
6 Charles A. Wilson (D-OH)	\$11,336,344	\$18,257,773	\$21,718,487	\$25,179,201
4 Jason Altmire (D-PA)	\$1,215,504	\$1,574,743	\$1,754,362	\$1,933,981
10 Christopher P. Carney (D-PA)	\$9,114,711	\$14,032,165	\$16,490,892	\$18,949,619
8 Patrick J. Murphy (D-PA)	\$1,700,560	\$2,760,739	\$3,290,829	\$3,820,919
7 Joe Sestak (D-PA)	\$95,477	\$123,054	\$136,842	\$150,630
23 Ciro Rodriguez (D-TX)	\$21,535,647	\$32,594,269	\$38,123,581	\$43,652,892
Peter Welch (D-VT)	\$17,405,685	\$31,211,546	\$38,114,476	\$45,017,406
8 Steve Kagen MD (D-WI)	\$18,624,364	\$18,841,977	\$18,950,783	\$19,059,589
Republicans				
22 Kevin McCarthy (R-CA)	\$9,884,165	\$10,006,330	\$10,067,412	\$10,128,494
5 Doug Lamborn (R-CO)	\$1,049,136	\$1,898,322	\$2,322,916	\$2,747,509
9 Gus M. Bilirakis (R-FL)	\$639,231	\$1,241,710	\$1,542,950	\$1,844,189
13 Vern Buchanan (R-FL)	\$5,738,064	\$11,146,231	\$13,850,314	\$16,554,397
1 Bill Sali (R-ID)	\$34,203,727	\$40,996,884	\$44,393,463	\$47,790,042
6 Peter J. Roskam (R-IL)	\$3,283	\$3,326	\$3,347	\$3,369
6 Michele Bachmann (R-MN)	\$12,232,255	\$12,258,254	\$12,271,254	\$12,284,254
2 Dean Heller (R-NV)	\$14,390,340	\$27,088,254	\$33,437,211	\$39,786,168
5 Mary Fallin (R-OK)	\$2,314,837	\$3,583,811	\$4,218,298	\$4,852,785
1 David Davis (R-TN)	\$3,149,678	\$5,365,502	\$6,473,413	\$7,581,325

Rodriguez (D-TX) would fare significantly better if direct payments were reduced to boost conservation spending. Reps. Henry Mitchell (D-AZ), Ed Perlmutter (D-CO), Hank Johnson (D-GA), Albio Sires (D-NJ), Steve Cohen (D-TN), Betty Sutton (D-OH), Nick Lampson (D-TX), Jim Jordan (R-OH), Tim Walberg (R-MI), Nancy Boyda (D-KS), Baron Hill (D-IN) and Yvette Clarke (D-NY) would see little or no change from these reforms.

Farmers in some Midwestern districts in Iowa, Illinois, and Minnesota would likely receive modestly less federal funding under the scenarios we considered. However, farmers in these districts predominantly grow corn and soybeans and surging demand for corn to produce ethanol—caused primarily by the ethanol mandate included in the 2005 Energy Bill—has driven corn and soybean prices to record levels. Predicted reductions in federal farm spending in these districts would be modest and would generally represent less than one percent of the market value of production in those districts.

Direct payments help few farmers

Direct payments are fixed payments linked to a farmer's production history, not to current prices or production. To calculate a farmer's direct payment, a farmer uses a formula that combines a statutory payment rate, historic acres, and historic yield.

By linking payments to the amount of past production, direct payments favor large producers. In 2005, the largest 10 percent of direct payment recipients collected 60 percent of all direct payments. While some large farms collected more than \$100,000 in direct payments between 2003 and 2005, most farmers who collect direct payments collected less than \$100 a month.

What's more, farmers receive direct payments regardless of whether they grow a crop at all. Some experts estimate that more than \$1 billion in direct payments have been made to landowners who do not farm at all. In many cases, direct payments flow to land owners, driving up the cost of renting or buying land. In particular, many landowners who rent their land to farmers raise their rent to "capture" direct payments from farmers.

Ironically, direct payments were created in 1996 as part of the "freedom to farm" legislation designed to wean farmers off depression-era subsidies. Today, direct payments are treated as an entitlement. Since the passage of freedom to farm, some farms have collected more than \$2 million in direct payments.

Conservation payments help all farmers and the environment

Expanding funding for working lands conservation programs would help many more farmers and regions receive a fair share of farm spending and help address some of the nation's most pressing environmental challenges.

America's farmers, ranchers and forest landowners manage roughly 70% of the American landscape, so agriculture has a dramatic impact on the quality of our rivers, lakes and bays, on the fate of rare species and on the pace of sprawl. USDA shares the cost of land management practices with farmers and ranchers to meet these environmental challenges through programs like the Environmental Quality Incentives Program, the Conservation Security Program, the Wildlife Habitat Incentives Program and the Grasslands Reserve Program. These programs provide incentives and cost-sharing assistance to farmers and ranchers to install land management practices, protect land from development, and to protect and restore wildlife habitat.

All farmers and ranchers are eligible for working lands conservation programs, and payments are linked to the costs and risks of stewardship—not to an arbitrary measure of past production. Currently, two out of three farmers are rejected when they offer to share the cost of clean water, open spaces, and wildlife habitat because of our misplaced spending priorities. As a result, more than 50,000 farmers annually offering to help the environment are turned away.