

# Congressman Eric Massa (NY-29)

Testimony submission for Budget Committee on 3/18/09

I come before the Budget committee today to express my strong opposition to proposed changes in the 2008 Bill which would eliminate direct payments to all farms making over \$500,000 in gross sales. Please do not imagine that we are speaking of the fabled “millionaire’s farms” made possible by huge profits, greed and a lack of oversight. Many of the farms that would be affected are the homes and livelihoods that have been supporting the same families for generations. These are not lavish.

There are several things very wrong here. Firstly, it ignores completely the production costs required to create that level of sales. Depending on the farm type, size and production conditions, the input costs will vary enormously from one year to the next. But this reality is not reflected in this scheme. Next, in contrast to the current payment limit plan that uses Adjusted Gross Income – a measure which accurately portrays farm income in relation to input fluctuations – using gross sales does not account for the increasingly high costs of production. How can this possibly be fair? A farm making \$500,000 is not keeping most of that money. Increasing costs such as fertilizer, energy and equipment are forcing many producers to scale back planting and pay more to produce less.

So there is huge uncertainty of impact on individual farms here. We will only know for sure what the impact will be when it is too late, the farm is bankrupt and the farm family has moved away. Have any estimates of the number of farms to be lost in New York or in my district been done? If yes, can I please have these numbers? If no, how can we dare to proceed? I stand with the Administration and with farmers in the hope that we can find a common solution.

In these troubled economic times, facing the challenges of massive foreign subsidies, how can the American farm compete? Farmers on a limited income need the sort of stability that these payment programs provide. With agricultural input costs increasing 40% over the past 5 years and net farm income estimated to drop this year by 20%, according to the USDA, now is not the time to be putting a huge number of farmers at risk. Cutting this assistance, as proposed by President Obama, would be devastating. Without help in maintaining struggling farm operations under current financial pressures and protecting against catastrophes like the hailstorms that damaged fruit and vegetable crops throughout much of New York last year, many producers won’t last long.

Finally, farms with gross sales over \$500,000 produce 74% of the total value of agricultural production in our country, and provide the majority of domestic food supply, according to a recent CRS report. These same farms receive 47% of government payments. Without important Farm Bill programs, many of these producers will almost certainly have to close their doors, compromising our national food security and further damaging the national economy.

I implore the budget committee not to rest the weight of recent fiscal carelessness on the shoulders of American farmers. In this harsh economic climate, our family farmers deserve the same attention and support as Wall Street’s bankers.

Thank you.