



Policy Perspective on the Farm Bill

Corn Growers Want Safety Net Improvements

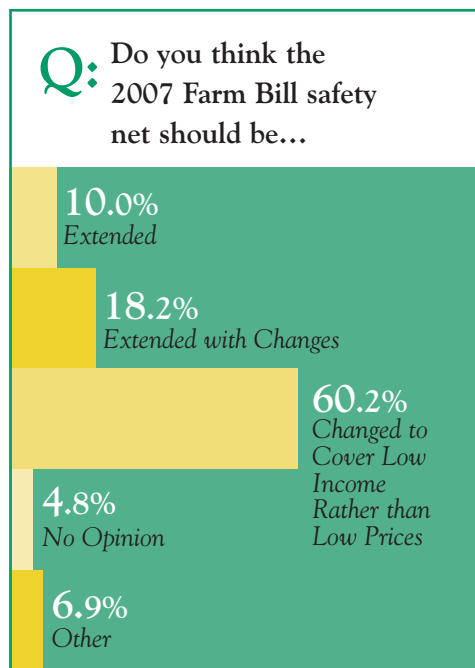
In two separate survey questions recently asked by the Illinois Corn Growers Association, three respondents out of five believed that the federal financial safety net should be changed from the current yield/price format, to one of revenue.

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The initial question asked when payments should be made, and 59% favored situations with low revenue, 8% favored times of low yield, and 13% favored times of low prices. Similarly, 60% favored a change in the safety net to “cover low income rather than low prices,” while 10% wanted the safety net “extended” and 18% wanted it “extended with changes.”

Illinois Corn Growers Association members want a market-oriented safety net, compliant with WTO rules, that will support farm revenue, instead of price or

See Safety Net Improvements, p 2



Farm Bill Must Comply with WTO Rules

International trade will have a dominant impact on the 2007 Farm Bill, not so much for market access as seen in previous Farm Bills, but to ensure U.S. farm support programs are not systematically dismantled by the World Trade Organization. Respondents in the recent Illinois Corn Growers Association survey recognized the importance of farm programs being compliant with international trade rules.

The fall 2006 survey found 78% of farmers believed WTO compliance was either important or quite important for the Farm Bill. In fact, 42% of the respondents believed trade would be an increasing factor in their profitability, while 36% thought trade would continue to have a stable role in their profitability.

In a related question, the survey found 58% of the respondents would be willing to accept fewer supports from the Farm Bill, if trade were more open and transparent.

Crop Insurance Good, Could Be Better

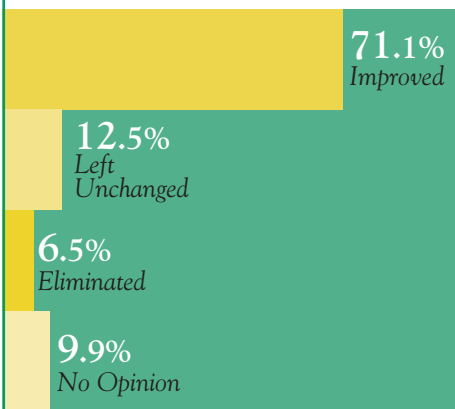
Crop insurance is a joint venture with the USDA, as it includes both federal subsidies and producer premiums. Of the respondents to an Illinois Corn Growers Association harvest time survey, more than three-quarters participated in the crop insurance program, and 71% of them say improvements are needed to make the program more effective in risk management. Their overwhelming preference for safety net improvements, without the need for ad hoc disaster appropriations, underscores the survey respondents' call

for whole-farm revenue programs, such as the National Farm Security Act proposed by the National Corn Growers Association, American Farmland Trust, and respected ag economists from The Ohio State University and Iowa State University.

When given a choice of six farm program elements, crop insurance was identified as having the biggest benefit to their operation next year by 21% of the respondents, which tied for the most important.

See Crop Insurance, p 2

Q: The federal crop insurance program needs to be...



Target Farm Program Payments to All Farms Equally

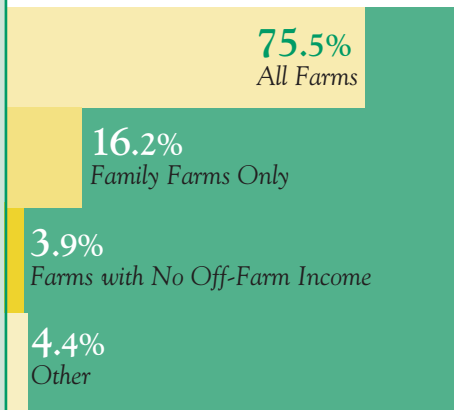
Although the issue of payment limitations remains a lightning rod issue for agriculture, about 70% of those answering an Illinois Corn Growers Association survey were not seeking higher payment limits.

Respondents overwhelmingly believed (76%) that any farm program payments should be made equally to all farming operations, not just family farms or other financially challenged farming operations.

Should farm programs guarantee producer profitability?

With a vote of 78% the respondents said, "no."

Q: Where should farm program payments be targeted?



Crop Insurance (from p 1)

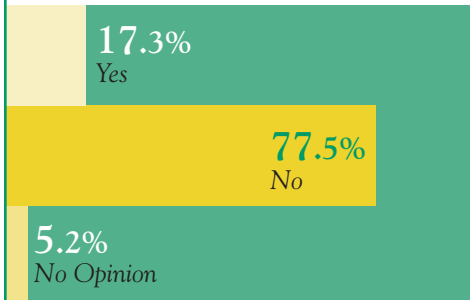
Their willingness to manage their own production risk, backstopped with a stable and predictable federal safety net, indicates Cornbelt producers prefer a business-like approach to farm programs rather than ad hoc disaster aid.

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More than 70% of the ICGA respondents sought improvements in the crop insurance program, of the more than 230 farmers asked from all geographical areas of Illinois and representing a wide variety of sizes and types of farming operations. The survey was taken during October and mid-November of 2006 at Illinois Corn Growers Association Listening Sessions.

Safety Net Improvements (from p 1)

Q: Should farm programs guarantee profitability?



yield. That is the framework of the National Farm Security Act (NFSA) proposed by the National Corn Growers Association, which compensates for low yields and low prices, but does not over-compensate when unneeded.

The NFSA program rewards good farm management, has the potential to save tax dollars over current farm programs, and will be considered WTO-friendly.

Strong opposition was expressed against reducing funding for program payments and reserving those funds for either the rainy day, or the day it doesn't rain, or some type of agricultural disaster.

Only 25% advocated permanent disaster aid programs that would be funded from commodity program resources, while 62% disagreed with the concept of a permanent disaster assistance program carved out of commodity program funds.

In fact, the respondents, by a more than two to one margin, wanted the federal farm safety net to be improved in the 2007 Farm Bill, so the need for ad hoc disaster assistance could be eliminated.

NCGA's NFSA

Complete details about the National Farm Security Act can be found on the Internet at: www.ncga.com/news/notd/pdfs/10_23_06NFSA.pdf.

White Paper Offered

To obtain a copy of the White Paper which details all of the survey responses from the ten Listening Sessions, contact the Illinois Corn Growers Association at 309-557-3257, or send your e-mail request to: mlambert@ilcorn.org. The document is also available at: www.ilcorn.org.

