



# Farm Safety Net

Family farmers operate within a very unique marketplace, over which they have almost no control. Prices swing wildly from year to year, and weather events pose a constant threat to a farmer's yield. When a farmer is unable to stay afloat, the impact is felt through our entire food system. That is why Congress provides a mix of programs that constitute the "farm safety net." In the Farm Bill, these include risk management programs, crop insurance, and access to credit.

## Current State of the Farm Economy

Family farmers and ranchers are currently dealing with an ongoing drop in commodity prices and farm income, leaving many family farmers struggling to make ends meet. In fact, in the dairy industry, massive oversupply is already forcing farmers out of business every day. Recent and ongoing disruptions to trade with China and other top trading partners have further suppressed prices for major commodities. In turn:

- Net farm income is estimated to be just \$66.3 billion for 2018, a 12 percent drop from 2017 and a nearly 50 percent drop since 2013.
- The median farm household is estimated to have earned -\$1,548 in 2018, meaning a majority of farms earned negative income last year.
- Because prices declined so drastically and stayed at such levels for several years, farmers are burning through equity, and many are in significant financial strain.

## Farm Bill Sets Stage for Improvement

The recently passed farm bill provides modest improvements to the farm safety net and desperately needed certainty for family farmers and ranchers. However, the safety net will not provide many family farmers and ranchers with enough support to weather the next five years. Low prices will persist due to oversupply exacerbated by lost trade markets that will take decades to regain. Congress and the Administration must work together to strengthen the farm safety net if the country is to preserve family farm agriculture and rural communities that rely upon it.

## Policy Recommendations

- ✓ **Strengthen the farm safety net** to help farmers weather persistent, unsustainably low commodity prices and chronic oversupply of commodities.