

# Fact Sheet

## Small Family Farmer and Rancher Relief Act

### H.R.8590



Farm Action Fund



Farm Action

The Small Family Farmer and Rancher Relief Act (H.R.8590) was introduced by Representative Scott (D-GA-13). While other cattle reform legislation addresses unfair, anti-competitive practices in the marketing or processing stages, this bill shields independent producers from unnecessary risks that may arise during production or from extreme market fluctuations. It also provides them with new avenues to market their products, allowing them to bypass monopoly-dominated markets.

## BACKGROUND

The U.S. food system has been demonstrably vulnerable to global events and supply chain disruptions in recent years. This is due largely to its extremely high levels of concentration. In the meatpacking industry, for example, just four corporations control 85% of the cattle market.

As the sector consolidated, livestock operations have grown in size but decreased in number. Between 2002 and 2017, the U.S. lost a devastating 68% of its feedlots — even as overall cattle inventory remained relatively stable. This trend means that small and independent cattle producers are being pushed out of business by bigger and bigger competitors: More than 50,000 of the feedlots shuttered between 2002 and 2017 had fewer than 100 head of cattle.

The monopolistic corporations dominating this sector create anti-competitive market conditions, manipulating the prices farmers and ranchers receive and playing favorites. As a result, cattle producers have lost a substantial chunk of their share of the consumer dollar: down to about 39 cents today, compared with 60 cents fifty years ago.

There is a clear and urgent need to support the development of resilient local and regional food systems, populated with economically viable independent producers. This is both a food security and a national security issue.

To ensure independent cattle producers have a fair shot in monopoly-dominated markets, we need to safeguard their marketing opportunities and access to consumers, and provide them with adequate protection from risks.

## THE SMALL FAMILY FARMER AND RANCHER RELIEF ACT SUPPORTS INDEPENDENT CATTLE PRODUCERS BY:

- › Reducing the cost of livestock risk protection insurance coverage with increased premium subsidies
- › Creating the Beef Cattle Spread Coverage Program to help insulate farmers against the negative financial impact of severely depressed markets
- › Providing new grant opportunities to help producers aggregate, add value, and market their products in local and regional markets

## SMALL OPERATIONS, BIG OPPORTUNITIES

This legislation creates a Small Rancher Market Access competitive grant program, designed to help small producers aggregate, add value, and market meat in local and regional markets. This program will focus on direct-to-consumer and direct-to-institution sales. Grants of up to \$500,000 could be used to purchase processing equipment and facilities, to secure financial and business planning services, and to support value-added practices.

Eligible entities include: groups of cattle producers whose operations average 100 cattle or fewer, cooperatives with a majority of members under a certain size, nonprofit organizations, land grant universities that have experience working with small sized cattle producers, Tribal governments, food hubs, and CSAs. The program will prioritize underserved and limited-resource producers.



## SHIELDING FARMERS FROM MARKET SHOCKS

Cattle producers with small and mid-sized operations bear more risk in our consolidated markets, and so this legislation levels the playing field with two different risk-reduction initiatives.

It would ease the financial burden of Livestock Risk Protection insurance by increasing premium subsidies by 20 percentage points. Subsidies could represent as much as 75% of premium payments for small ranches with 100 or fewer cattle.

The Act also creates the Beef Cattle Spread Coverage Program, an indemnity program administered by FSA. This program will provide relief to small producers whenever the farmer's share of retail beef prices falls below 51.7%. To be eligible for payments, producers would pay \$100 annually. Finally, the Act provides outreach and education resources to educate producers and insurance agents on these new initiatives.

**The Small Family Farmer and Rancher Relief Act will facilitate more robust local and regional food systems.**

The Act helps independent farmers and ranchers remain economically viable even when times get tough, while simultaneously blazing new pathways to market their products outside of monopoly-controlled markets.

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