



## **FINAL OUTCOME “SNAPSHOT” OF SAC’S 2008 FARM BILL POLICY PLATFORM**

### **❖ REWARD SUPERIOR CONSERVATION SYSTEMS ON LAND IN AG PRODUCTION**

- **Conservation Stewardship Program**

**WIN:** \$1.1 billion in increased funding for a total of over \$12 billion in mandatory funding for the program over 10 years, which will be sufficient to enroll approximately 115 million acres in CSP by 2017. Program revised to be nationwide (not limited to particular watersheds), with streamlined provisions and payments structure, higher environmental standards, special outreach for organic producers, special supplemental payments for resource-conserving crop rotations, and a continuous sign-up process. The CSP encourages farmers to improve their conservation effort in a comprehensive manner to protect water and air quality, improve soil quality, store carbon in soils, add wildlife habitat, conserve water, and save energy.

### **❖ ENCOURAGE AND SUPPORT A NEW GENERATION OF FARMERS AND RANCHERS**

- **Beginning Farmer and Rancher Development Program**

**WIN:** \$75 million over 4 years, first-time mandatory funding for competitive grants (with an additional \$30 million a year authorized for appropriations) to fund education, extension, outreach, and assistance to foster new farming opportunities.

- **Outreach to Socially Disadvantaged Farmers and Ranchers**

**WIN:** \$75 million over 4 years, first-time mandatory funding for competitive grants to fund partnerships to assist minority farmers and help them access USDA programs.

- **Beginning Farmer and Rancher Down Payment Loans**

**WIN:** Lower interest rates, better lending terms, and higher maximum purchase price on first-time land purchases for new farmers, plus program expansion to also cover minority farmers.

- **Beginning Farmer and Rancher Individual Development Account Pilot Program**

**WIN:** New 15-state pilot program to assist limited-resource beginning farmers accumulate start-up savings and financial management skills; will require appropriations.

- **Beginning Farmer and Rancher Contract Land Sales Program**

**WIN:** New permanent, nationwide authority for federal guarantees on private land contract sales to assist transfer of farms from retiring to beginning farmers and ranchers.

- **Higher Loan Limits and Credit Program Funding Levels**

**WIN:** Increase in per farm loan limits from \$200,000 to \$300,000 for both direct ownership and direct operating loans, and an increase in the authorization for appropriations for annual lending funds to \$350 million and \$850 million for direct ownership and operating loans, respectively.

- **Conservation Reserve Program Transition Incentives**

**WIN:** \$25 million over 10 years, new program with mandatory funding that encourages owners of CRP land that is returning to production to rent or sell to beginning and minority farmers and

ranchers who implement comprehensive conservation plans, including producers adopting rotational grazing or organic production.

- **Conservation Loans**

**WIN:** Revised conservation loan program that includes priorities for beginning and minority farmers and for conversion to sustainable and organic farming.

- **Conservation Set-Aside, Payment Rate, and Advanced Payment**

**WIN:** Reserves 5% of total funds from conservation working lands programs for beginning and 5% for socially-disadvantaged farmers and ranchers; also provides them with a 90% cost-share rate and 30% payment advances under the Environmental Quality Incentives Program.

- **Office of Advocacy and Outreach**

**WIN:** Creates a new office at the top level of USDA to coordinate implementation of small farm and beginning farmer and rancher policies and programs, as well as socially disadvantaged farmer and farmworker policies and programs.

## ❖ REINVIGORATE REGIONAL AGRICULTURAL ECONOMIES AND LOCAL FOOD SYSTEMS

- **Farmers' Market Promotion Program**

**WIN:** \$33 million over 5 years, first-time mandatory funding, a nearly seven-fold increase above current discretionary funding levels, to support farmer-to-consumer direct marketing, including farmers' markets, community supported agriculture (CSAs), and on-farm consumer sales.

- **Value-Added Producer Grants**

**PARTIAL WIN:** Only \$15 million in mandatory funding over 4 years (but with an additional \$40 million a year in authorization for appropriations) for competitive grants to help farmers develop value-added businesses, including a new directive to support "mid-tier value chains" and local and regional food systems; also includes a new priority for small- and mid-sized family farms and beginning and socially-disadvantaged farmers.

- **Local Food Enterprise Guaranteed Loan Program**

**WIN:** Provides that 5% (which at current appropriated levels is \$50 million a year worth of loans) of the Business and Industry Loan Program be used to provide federal guarantees on commercial loans that improve, develop, or finance local food enterprises in rural communities.

- **Interstate Shipment of State-Inspected Meat**

**WIN:** Very small meat processing plants with state rather than federal inspection that meet strong food safety standards will be allowed for the first time to sell across state lines, increasing marketing options for sustainable livestock producers and improving regional food systems.

## ❖ ENCOURAGE A PRIMARY ROLE FOR CONSERVATION IN FEDERAL FARM POLICY

- **Conservation Title as a Whole**

**PARTIAL WIN:** \$5.3 billion net increase over 10 years in mandatory spending (of which \$3.8 billion falls within the 5-year life of the new farm bill); when combined with \$2.5 billion in savings from changes to the Conservation Reserve Program, yields total new funding of \$7.8 billion (or which \$4.9 billion is in the first 5 years); continued rebalancing toward working lands conservation.

- **Conservation Stewardship Program** (*see very first item above*)

- **Cooperative Conservation Partnership Initiative**

**WIN:** New mandatory requirement for USDA to reserve 6% of working lands conservation funding (CSP, EQIP, WHIP) to be delivered through state and local partnerships, including NGOs, focusing on local and innovative solutions to agro-environmental problems: 90% of funding total will be determined at the state level.

- **Wetlands Reserve Program**  
**PARTIAL WIN:** \$1.3 billion in new, restored mandatory funding over 5 years – substantially reduced from the \$1.9 billion included in both the House and Senate-passed bills, reducing annual enrollment goal from 250,000 acres to 185,000 acres.
- **Conservation Compliance**  
**PARTIAL WIN:** Graduated penalties and better appeals process to improve enforcement when farmers are in violation of their soil conservation plans on highly erodible land or wetlands protection rules. Our more far-reaching proposed reforms to compliance and swampbuster (wetland) protection did not get into the bill.
- **Sodsaver**  
**LOSS:** Provisions in both House and Senate-passed versions of the bill prohibited on a nationwide basis crop insurance subsidies to producers on newly broken-out native sod. Final bill limits the reach of this grassland ecology protection provision to only portions of just five states and allows the governor of all five states to opt out.
- **Confined Animal Feeding Operation (CAFO) Subsidies**  
**PARTIAL WIN:** The per farm payment limitation for the Environmental Quality Incentives Program is reduced from \$450,000 to \$300,000 every six years, though a waiver can be provided if USDA determines projects are of special environmental significance. Weakening of the Farmland Protection Program to accommodate CAFOs and other “impervious surfaces” is limited to a degree by retention of pre-approval by USDA of state-based impervious surface limits.
- **Pesticide “Non-Discrimination”**  
**WIN:** Damaging House farm bill provision restricting USDA conservation programs from encouraging farmers to reduce the use of toxic pesticides and implementing integrated pest management was eliminated in the final bill.
- **Enforcing “Food Safety” Through Marketing Orders**  
**WIN:** Damaging House farm bill provision giving food safety authority to federal marketing orders, which would have harmed food safety, conservation, and small and medium-sized farms, was eliminated in the final bill.

## ❖ ASSIST FARMERS’ AND RANCHERS’ TRANSITION TO ORGANIC PRODUCTION

- **National Organic Certification Cost Share Assistance**  
**WIN:** \$22 million over 5 years in mandatory funding, a nearly five-fold increase compared to the previous farm bill, to help cover the costs of organic certification for farmers and handlers.
- **Organic Conversion Assistance**  
**PARTIAL WIN:** A new technical and financial assistance option within the Environmental Quality Incentives Program for producers transitioning to organic production.
- **Organic Agriculture Research and Extension Initiative**  
**WIN:** \$78 million over 4 years in mandatory funding, a five-fold increase compared to the previous farm bill (with an additional \$25 million a year authorized for appropriations) to fund competitive grants for organic farming research and extension.
- **Organic Data Collection Initiative**  
**WIN:** \$5 million over 5 years, first-time mandatory funding to fund a USDA organic data collection effort; will supplement appropriated dollars for the same program. An additional \$5 million a year is authorized for appropriations.
- **Organic Crop Insurance**  
**PARTIAL WIN:** Sets in motion a process at USDA that should have the effect of ending the current discriminatory treatment of organic producers under the Federal crop insurance program,

but will likely take several years longer than the SAC-proposed solution incorporated in the Senate-passed bill.

#### ❖ **SUPPORT ENTREPRENEURSHIP AS A RURAL DEVELOPMENT STRATEGY**

- **Rural Micro-entrepreneur Assistance Program**

**WIN:** \$15 million over 4 years, new program with mandatory funding to assist rural entrepreneurs in establishing new small businesses in rural sectors; had hoped for more funding, but the program will at least get off the ground and could receive additional funding through appropriations.

- **Value-Added Producer Grant Program** (*see above*)

#### ❖ **INCREASE SUSTAINABLE AGRICULTURE RESEARCH AND EXTENSION RESOURCES**

- **Agriculture and Food Research Initiative**

**PARTIAL WIN:** Creates a new national competitive grants program that melds the National Research Initiative and the Initiative for Future Agriculture and Food Systems, with an authorization of appropriations of \$700 million a year; no mandatory funding, however. Within the new program, small and medium-sized farm profitability, rural entrepreneurship, conventional/classical plant and animal breeding, agro-ecosystems, sustainable production systems, and renewable energy are all included as national priorities, indicating a high probability that each will be a major annually-funded national program with AFRI.

- **Antibiotic Resistance Research**

**WIN:** Creates a new competitive grant program to study the development of antibiotic-resistant bacteria in livestock and ensure judicious use of antibiotics in livestock; will require appropriations.

- **Appropriate Technology and Transfer for Rural Areas (ATTRA)**

**WIN:** Creates permanent authorization within the USDA Rural Business Cooperative Service for ATTRA, the National Sustainable Agriculture Information Service.

- **Organic Research and Extension Initiative** (*see above*)

- **Organic Data Collection Initiative** (*see above*)

#### ❖ **PROMOTE A TRANSITION TO MORE SUSTAINABLE BIOENERGY STRATEGIES**

- **Biomass Crop Assistance Program**

**PARTIAL WIN:** \$70 million over 5 years in mandatory funding for new program that provides assistance to farmers producing bio-energy crops, including perennial crops.

#### ❖ **ENSURE FAIR AND COMPETITIVE AGRICULTURAL MARKETS**

- **Livestock Title**

**WIN:** Newly-created Livestock Title within the farm bill to begin to provide fairness and contract reform for farmers in livestock and poultry markets; marks first time a farm bill has included any provisions to tackle this critical area of policy.

- **Undue Price Preference**

**PARTIAL WIN:** Requires USDA to implement a regulation to define undue price preference so that smaller, independent livestock producers cannot be offered unjustified lower prices than mega-operations by the big packers.

- **Voluntary Arbitration**  
**PARTIAL WIN:** Provides farmers for the first time with the ability to decline to be bound by unfair mandatory arbitration clauses in a livestock or poultry contract.
- **Contract Reforms**  
**WIN: *Contract Cancellation*** – Requires a company to give contract growers 3 days to cancel a contract after signing it.  
**WIN: *Capital Investments Disclosure*** – If large capital investments will be required of a contract grower, the contractor is required to disclose that such investments may be required over the life of the contract.  
**WIN: *Breach of Contract*** – Requires USDA to provide contract growers with a reasonable period of time to remedy a breach of contract that would lead to contract termination.  
**WIN: *Dispute Settlement*** – Enables a contract grower to settle a dispute in the Federal judicial district where he or she lives rather than where the company headquarters is located.
- **Annual Compliance Report**  
**PARTIAL WIN:** Instead of including the much-needed Senate-passed farm bill provision for an Office of Special Counsel for anti-trust matters, requires the USDA to provide an annual compliance report detailing the number and length of time spent on potential anti-trust violations of the Packers and Stockyards Act.
- **Interstate Shipment of State-Inspected Meat** (*see above*)
- **Packer Ban; Captive Supplies; Competitive Harm; Bargaining Rights; Poultry Enforcement**  
**LOSS:** Final bill does not include the Senate provision that prohibits packer ownership of livestock used to manipulate prices to detriment of producers, or other high priorities for restoring open markets and fair competition.

## ❖ REFORM COMMODITY PAYMENT PROGRAMS

- **Payment Limitation Reform**  
**LOSS:** Comprehensive payment limitation reform was not included in the bill. The “three-entity rule” was repealed and “direct attribution of payments” was enacted, two necessary but not sufficient conditions to achieving real reform. With other loopholes left open, the net result is virtually no change in the highly-skewed status quo on payment limits for direct and counter-cyclical payments. Moreover, existing per farm limits on loan deficiency payments were removed, so that those payments are now completely unlimited.  
  
**PARTIAL WIN:** On a positive note, the bill directs USDA to write new regulations to enforce the existing requirement that payment recipients be “actively engaged in farming” and to crack down on “schemes and devices” used to evade limitations. A new tax code provision was also added to restrict the ability of taxpayers who receive commodity payments from using farm losses to offset non-farm income. Payments to the estates of dead persons and to farmland converted to housing have been restricted. And while it is not likely to affect many people, the bill eliminates eligibility for all payments for people with extremely high *non-farm* income and eliminates direct payment eligibility for people with extremely high *farm* income.
- **Sodsaver** (*see above*)
- **Planting Flexibility**  
**LOSS:** No change was made to the prohibition on growing fruits and vegetables on commodity base acres other than a 75,000 acre pilot project for several Midwestern states for canned fruits and vegetables only. Our proposal to allow at least a limited exemption for fresh fruits and vegetables for local markets was not included.