

WEEKLY UPDATE
SUSTAINABLE AGRICULTURE COALITION
February 26-March 2, 2007

SAC FARM BILL SUMMIT AND FARMER FLY-IN: The *Roots to Reform, 2007 Farm Bill Summit* is almost here! Thanks to everyone who is taking time away from the farm, ranch, home, and office to join us here in Washington D.C. March 6-8. We are especially grateful to the funders who have helped us bring in over 70 farmers and ranchers from 28 states throughout the country. With March 7th workshops to reinforce their collective wisdom and skills, the entire delegation will embark on Capitol Hill March 8th and meet with over 75 Congressional offices. That means over 75 legislators will hear personal stories of how and why federal policies must support the future of family farming, land stewardship, and rural economies in this country! The winter meeting of SAC and MSAWG will also take place March 6.

This week all participants should have received documents with extensive directions, maps, and telephone numbers. If you have any questions, please contact Aimee Witteman at (202) 547-5754 or: awitteman@sustainableagriculturecoalition.org

NEW EMAIL ADDRESSES: Our staff email addresses are changing! The new ones still use the first initial followed by the last name, but will now be @sustainableagriculturecoalition.org. The old @msawg.org addresses will still work for the time being, but will be out of service later this year. Please make a note of it!

THIS WEEK

Budget Resolution and Supplemental Appropriation on Tap: In the coming weeks, Congress will be focused on approving the Iraq War supplemental appropriation and then the 2008 Congressional Budget Resolution. The supplemental may well be the vehicle to potentially carry with it emergency spending for agricultural disaster assistance plus, possibly, a critical one-month extension to the dairy payment program, funding for Conservation Security Program, and a legislative fix a major problem with the Wetlands Reserve Program due to changing Administration policy on land appraisals. Each one of these possible add-ons will influence the funding available to the 2007 Farm Bill. After the supplemental, Congress must deal with the budget blueprint for the year. The budget resolution will determine spending allocations for both the farm bill and for agricultural appropriations. Look for an action alert on these subjects next week!

CBO Puts Administration Farm Bill Proposal in New Light: The Congressional Budget Office (CBO) today released its March farm bill budget baseline. OK, so we know that sounds boring. But this document actually becomes the touchstone for all farm bill budget decisions from here on out. We reported on the preliminary January budget baseline in the January 26 edition of the Weekly, and not much changed since then. The commodity program budget is still estimated to run right around \$8 billion a year, down dramatically from the last farm bill cycle due to ethanol-influenced high commodity prices. The March numbers still show the cost of the Conservation Security Program rising to \$2.2 and \$3.6 billion in the two years following the removal of the current long-term funding cap superimposed on the CSP by disaster aid and budget reconciliation bills.

The new CBO tables that really caused a stir today were not the budget baseline charts, but rather CBO's new budget estimates of the cost of the Administration's farm bill proposal. Unlike most of the rest of us, CBO had access to far more details about the Johanns' proposal than the information made public by USDA. In CBO's view (which is the only view that counts in terms of how Congress deals with the farm bill), rather than saving \$4.5 billion over the next ten years, the Administration's commodity program proposal would cost an additional \$1.1 billion over the next five years, and then net out to no additional cost or savings over the ten year period. In the Administration's proposal, the purported \$4.5 billion in commodity savings were used to increase specialty crop and conservation spending.

On the conservation side, the CBO reveals a whole different side to the USDA proposal for the Conservation Security Program (CSP). Rather than a net half billion dollar increase to CSP, the proposal, once its details are made known, actually would cut the program by \$2.4 billion below its already diminished size according to CBO. This is troubling, and, much like the USDA budget release for 2008 which revealed short-term cuts to CSP, calls into serious question the truthfulness of the USDA farm bill proposal presentation and press spin.

CBO scores the Administration's proposed increase to the Environmental Quality Incentives Program at \$4.25 billion and the proposed renewal of the Wetlands Reserve Program at \$2.1 billion. The net conservation increase according to CBO is \$4.8 billion. Taken as a whole, CBO says the Administration's farm bill proposal would cost an extra \$10 billion over ten years, in contrast to the USDA claim that it would be \$5 billion over baseline.

More CBO News: Earlier this week, the Congressional Budget Office (CBO) released its biennial report of policy options on federal spending and revenue, including a number of options to reduce ag spending.

One option deals with commodity program payment limitations. Specifically, it would cut the current payment limits in half for two types of payments, direct and counter-cyclical. However, it would retain the controversial "three-entity rule", which allows participants to collect double the nominal payment limitations by collecting as individuals and also through up to two additional legal "entities" such as corporations. The proposal would not change the current cap of \$75,000 per person on marketing-assistance loan benefits, but would modify the program to include gains from generic certificates and loan forfeitures as part of that cap. The proposal would not close the "actively engaged in farming" or other loopholes other than certificates and forfeitures. For this proposal, which is far less thorough reform than has been proposed in previous legislation from Sens. Grassley (R-IA) and Dorgan (D-ND), CBO provides a net savings of just over \$1 billion over ten years.

The report also details options to eliminate the research Initiative for Future Agriculture and Food Systems (IFAFS) – saving \$1.6 billion over 10 years, scale back the Conservation Security Program (CSP) – saving \$8.4 billion over 10 years by stopping all future enrollments, and reducing the Conservation Reserve Program (CRP) – saving \$3.9 billion by stopping all future whole field enrollments. The report becomes annual fodder for those looking for ways to reduce the federal deficit. The full report is available at <http://mirror2.cbo.gov/ftpdocs/78xx/doc7821/02-23-BudgetOptions.pdf>

Senate Appropriations Hearing on USDA Budget Request: On Tuesday, the Senate Agriculture Appropriations Subcommittee questioned USDA Secretary Johanns about the President's FY2008 Budget Request for USDA.

Sen. Tom Harkin (D-IA) highlighted the absence of any funding for the Organic Transition Program. He emphasized the organic sector's rapid growth in the past decade and the fact that food retailers are turning to imports to meet the U.S. demand for organic products while U.S. farmers are losing out on domestic markets. Johanns responded that there is probably an opportunity to look at this issue again. Senator

Jack Reed (D-RI) focused on USDA's announced intention to improve the diets of U.S. children and asked Johanns why the Farm to Cafeteria Program remains unfunded. He questioned whether USDA was in fact promoting the purchase of fresh local food. Secretary Johanns ducked the Farm to Cafeteria question and said that USDA would make local purchases "whenever possible."

Senator Byron Dorgan (D-ND) took the Administration to task for the lack of progress on mandatory country of origin labeling and raised concerns about USDA's proposal to increase Canadian cattle and beef imports in light of the discovery this year of another BSE-infected cow in Canada.

House Agriculture Committee Outlines Budget Priorities: On Thursday, the House Agriculture Committee finalized its Budget Views and Estimates Letter to the House Budget Committee, with recommendations for USDA funding in FY2008. Overall, the letter requests additional funding for the Energy Title for measures to promote cellulosic ethanol and biodiesel production, new funding for the fruit and vegetable industry, and continuation of the Milk Income Loss Contract Program. Additional conservation program funding is also requested with the emphasis on funding farmers and ranchers who need to comply with environmental regulations. The letter also calls for additional funding for the commodity program in order to “rebalance” the program and cautions against the Administration’s proposal to reduce commodity program loan rates.

The letter does not explicitly request additional mandatory funding for disaster assistance instead of ad hoc disaster assistance but does note that if resources are available the Committee will endeavor to address the issue. As expected, the letter rejects USDA’s proposal to impose user fees on a number of USDA services. The budget letter is posted at <http://agriculture.house.gov/inside/publications.html>.

House Hearing on Specialty Crops and Organic Agriculture: On Wednesday, the House Agriculture Subcommittee on Horticulture and Organic Agriculture held a hearing on the 2007 Farm Bill to hear testimony on the Administration’s farm bill proposal from USDA Deputy Secretary Chuck Conner -- see <http://agriculture.house.gov/hearings/statements.html>. Subcommittee chair Rep. Dennis Cardoza (D-CA) opened the hearing by affirming his support for fair representation of specialty crops and organic agriculture within the federal government and commented on the booming organic agriculture industry.

The bulk of the hearing focused on specialty crop provisions, but Rep. Bob Etheridge (D-NC) focused on the needs of organic farmers, asking Conner about the difficulties farmers face in transitioning to organic production, an issue that also drew comments from several other members including Rep. Randy Neugebauer (R-TX). Newly elected Rep. Kirsten Gillibrand (D-NY) also spoke about the needs of organic farmers in her district. Conner vigorously defended the Administration’s proposal to remove the fruit and vegetable planting prohibition on cropland with commodity program base, but drew little support from the Members.

Senator Schumer Outlines Farm Bill Agenda: On Tuesday, Sen. Charles Schumer (D-NY) hosted N.Y. agricultural leaders at a meeting in D.C. and announced his agenda for the 2007 Farm Bill. Schumer recommended expanding the crop insurance programs to include beginning farmers and specialty crop growers. He also supports a fully funded Conservation Security Program and increased funding for the Environmental Quality Incentives Program and the Farm and Ranch Lands Protection Program. Other funding increases would go to the Farm to Cafeteria Program and the Farmers' Market Promotion Program. Schumer also proposes direct incentives to speed up development of cellulosic ethanol. He has previously introduced legislation to boost corn-based ethanol. Schumer's also supports a new Farm and Ranch Profitability Grant program, to promote market development and business planning. Schumer said his priorities would be included in forthcoming legislation.

Clean Water Week in D.C.: The Clean Water Network held its Clean Water Week event in D.C. this week, with a day of meetings that included briefings by legislative staff and preparation for Hill visits on clean water issues. The major issue for the Network is the upcoming re-introduction of the Clean Water Authority Restoration Act (CWARA) which would clarify the scope of the Clean Water Act over wetlands, tributaries and other waters and undo the limitations on the scope of the Act imposed by U.S. Supreme Court cases over the last several years.

On the issue of Concentrated Animal Feeding Operations (CAFOs), Ryan Seiger, the legislative Staff Director for the House Subcommittee on Water Resources and Environment of the House Committee on Transportation and Infrastructure, announced that Committee Chair James Oberstar (D-MN) will hold oversight hearings on CAFO regulation this year. Martha Noble, SAC staffer and co-chair of the Clean Water Network’s Feedlot Work Group, will be working with other members of the Feedlot Work Group

to line up witnesses for the hearing. Martha was also privileged to give an award from the Network to Sen. Russ Feingold (D-WI) for his work as chief sponsor of CWARA in the Senate.

NEXT WEEK

Thicke to Testify on Farm Bill Research Title: Next Wednesday, the Senate Agriculture Committee will be holding its hearing on the farm bill's research title. Francis Thicke, an Iowa farmer who has long been active with SAC, Practical Farmers of Iowa, and the Organic Farming Research Foundation, will testify. Francis will be one of just five witnesses, including USDA Under Secretary Gale Buchanan, AAAS Chief Economist Alan Leshner, Michigan State Ag Dean Jeff Armstrong, and Washington University Chancellor Emeritus William Danforth. On Tuesday, the Committee will hold a hearing on school feeding and nutrition programs. Both hearings start at 9:30 AM eastern time.

House Ag Hearing: Next Wednesday at 1 PM eastern, the House Agriculture Committee's conservation and energy subcommittee holds a hearing to review renewable energy financing structures. On Thursday at 10 AM, the livestock and dairy subcommittee holds a hearing to explore escalating feed costs.

USDA NEWS

Farmers Market Promotion Program Open for Business: On Tuesday, USDA's Agricultural Marketing Service issued the FY2007 Notice of Funding Availability (NOFA) for the Farmers Market Promotion Program, with about \$1 million in total funding. The NOFA, FMPP application guidelines and other information are posted on the web at <http://www.ams.usda.gov/fmpp/>. USDA is accepting proposals for grants up to \$75,000. Entities eligible to apply for grants include agricultural cooperatives, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers' market authorities, and tribal governments. Proposals must be made for direct marketing operations that include two or more farmers or farm vendors who produce and sell their products through a common distribution channel. Applications must be submitted by April 13, 2007.

FMPP grants must be submitted through the www.grants.gov website. AMS strongly recommends that you checkout how to use that website well before the application deadline. In addition, you must also have a Dun and Bradstreet Universal Numbering System (DUNS) number for your FMPP application. If your organization does not have a DUNS number, go to the website <http://fedgov.dnb.com/webform> or call the DUNS number request line at 1-866-705-5711 to obtain a DUNS number.

In FY2006, the first year that FMPP was funded, with \$1 million, AMS received 369 proposals requesting \$19.9 million in funding. Many SAC member organizations have worked to shape and fund the FMPP and we are calling for \$20 million per year in mandatory funding for the program in the 2007 Farm Bill.

DULY NOTED

Food Fight: A Citizen's Guide to the Farm Bill: Watershed Media, a California-based, non-profit publisher has released a new book entitled *Food Fight: A Citizen's Guide to the Farm Bill*. In preparing the book, author Dan Imhoff, consulted with numerous activists in the sustainable agriculture community, including Tom Forster with the Community Food Security Coalition and SAC staffer Martha Noble. Michael Pollan wrote the foreward and Fred Kirschenmann wrote the introduction. The book is directed at a general audience, with information on how the federal Farm Bill impact the nation's rural economies, health and nutrition, national security, and biodiversity and recommendations for Farm Bill reforms to promote sustainable agriculture. Copies can be ordered from the web at http://www.watershedmedia.org/foodfight_overview.html.