

WEEKLY UPDATE
SUSTAINABLE AGRICULTURE COALITION
March 26-30, 2007

ACTION NEEDED

Support for CSP in Supplemental Appropriations Bill!: Members and staff of the Senate and House Appropriations Committees will be meeting in conference over the next two weeks to develop a unified version of the supplemental appropriations bill. The bill that comes out of conference will be approved by the House and Senate, vetoed by the President, and then return for a second round of negotiations.

Unlike the House bill, the Senate bill lifts the FY 2007 spending cap for the Conservation Security Program (CSP). If that provision is retained in conference with the House and eventually becomes law, USDA would be able to fulfill the contract modifications and additional conservation benefits proposed by existing CSP farmers and would also be able to hold a 2007 sign-up in 50 or more new watersheds around the country. In addition, we hope that the conferees on the supplemental bill will restore the nearly \$3 billion in CSP funding that a previous supplemental bill stole from the program in order to offset emergency farm disaster relief. The current bill contains over \$4 billion in emergency farm aid, but, in keeping with long-standing tradition, provides no offsets.

There are a few critical legislators we need to target with phone calls and faxes to keep CSP alive. If you live in or have action list contacts in the following districts or states, please contact Aimee Witteman at (202) 547-5754 or awitteman@sustainableagriculturecoalition.org for a copy of the relevant action alert: **California, Connecticut, Utah, West Virginia, and Wisconsin (7 th district only)**.

Reminder: Easter recess for the Senate is April 2-9 and April 2-13 for the House. Be sure to check out the Town Hall meetings your Members of Congress may be holding back in the state or district. Visit your Member's website or call their office to find out where and when they will be holding events. If you would like any policy backgrounders, talking points, or a copy of the updated policy platform of the Sustainable Agriculture Coalition, please contact Aimee Witteman at (202) 547-5754 or awitteman@sustainableagriculturecoalition.org.

THIS WEEK

Supplemental Appropriations: On Thursday, the Senate passed by a vote of 51-47 a bill with an additional \$123.2 billion in appropriations for FY 2007, most of which will be used to fund the wars in Iraq and Afghanistan. Senators Chuck Hagel (R-NE) and Gordon Smith (R-OR) were the only Republican Senators to vote for the measure and Senator Joseph Lieberman (Independent Democrat) voted against it. An attempt by Senator Tom Coburn (R-OK) to require the offset of \$4.2 billion in agricultural disaster assistance against other USDA funding in the bill was rejected by a vote of 24-73. The Senate, by a 97-0 vote, did approve an amendment offered Senator Jim DeMint (R-SC) to strip the bill of \$25 million in assistance to spinach growers and first handlers harmed economically last year by the virulent E. coli contamination of some spinach in California's Central Valley. But the Senate rejected another DeMint amendment to eliminate \$40 million in disaster assistance to tree growers.

The Senate bill retains an additional \$115 million for the Conservation Security Program to provide for a 2007 sign-up and contract modifications for current participants, full extension of the Milk Income Loss Contract program, and the \$4.2 billion agricultural disaster assistance package. The House version also contains a similar though not identical disaster package and a one-year rather than long-term funding solution for the MILC program.

The next step is for the House and Senate to finalize a single piece of legislation. Most of that work will happen during the next two weeks, primarily at the staff level, with members approving a new package sometime after the House returns from recess two weeks from now. Both bills contain directives on winding down the war in Iraq and exceed the amount of supplemental funding requested by President Bush, provisions which the President has stated will result in his veto. It is highly unlikely that Congress would have the votes to override the veto. Hence, after the veto, a new round of negotiations will take place to finalize a measure that can be passed and signed into law. Expect delays, lots of acrimony, and eventual final passage of a bill the President will sign.

House Passes Budget Resolution: On Thursday, the House passed a \$2.9 trillion FY 2008 Budget Resolution bill, which includes a \$20 billion “reserve” fund for the farm bill. As with the \$15 billion farm bill reserve included in the Senate version of the bill, the reserve can be drawn on only if the Agriculture Committees can find offsetting funds. The Senate passed its version of the Resolution last Friday. Upon returning from Easter recess, the Senate and House will attempt to finalize a Joint FY 2008 Budget Resolution. Chances are that agreement can be reached on the higher \$20 billion figure (the original number suggested by SAC at the beginning of the New Year, we might add), though only because the number has no reality until actual offsets are identified. Our guess is that ultimately there will be offsets, but not as much as \$15 or \$20 billion worth.

House Hearing on Credit Title: On Tuesday, the House Agriculture Committee held a hearing on credit availability and the Farm Bill’s credit title. Karen Stettler, Director of the Land Stewardship Project’s Farm Beginnings program, testified on behalf of LSP and in favor of the key components of SAC’s beginning farmer initiative. Karen’s excellent statement, which generated numerous news stories, is on our website at www.sustainableagriculturecoalition.org and all the testimony can be found at <http://agriculture.house.gov/hearings/statements.html>. Others testifying at the hearing included John Zippert, Director of Programs for the Federation of Southern Coops, speaking on behalf of minority farmers, plus representatives from USDA, Farm Credit Administration, Farm Credit System, American Bankers Association, and Independent Bankers Association of America.

The questions from Members of Congress focused almost entirely on the never-ending war between the Farm Credit System and the banks over the boundaries of the FCS’s lending authority beyond the farming sector. Unfortunately, only two Members asked even a single question relevant to beginning and minority farmer issues in the course of a three hour hearing, and even those two questions were not directed to Karen and John. Suffice it to say that Members earned their campaign contributions while failing to conduct a balanced hearing that would actually help them construct a new credit title.

House Commodity Title Hearing: On Wednesday, the House Agriculture Subcommittee for General Farm Commodities and Risk Management heard testimony from representatives of the major commodity groups. In addition to the various tweaks to the commodity title being individually advocated by the groups, a few weighed in with recommendations for conservation in the next Farm Bill.

The National Association of Wheat Growers advocated for nationwide implementation of the Conservation Security Program (CSP) though they proposed that it be administered by the Farm Service Agency in the future. NAWG also expressed opposition to the SAC and USDA-supported “sod saver” proposal to make permanent grasslands converted in the future to crop production ineligible for USDA benefits. The National Corn Growers Association also expressed support for full funding of CSP. The National Sorghum Council voiced frustration with CSP’s limited availability.

All of the groups, from corn to cotton to sunflowers, expressed opposition to the Administration’s proposal to bar commodity benefits to anyone with adjusted gross income over \$200,000. Despite the lack of new funds for the new farm bill, each group promoted commodity proposals that would cost more

money. The National Corn Growers pushed their revenue payment replacement for counter cyclical payments based only on price, despite their own estimate of it costing \$500 million more each year relative to the cost of the current program. American Soybean Association pushed for a much higher target price, while NAWG urged higher direct payments. The Cotton Council focused on the marketing loan, arguing for more flexibility in the way loans are redeemed, and on new subsidies for US mills.

House Rural Development Funding Hearing: The House Agriculture Appropriations Subcommittee heard from USDA representatives on the President's FY 08 budget proposal for USDA's rural development programs. Following testimony by USDA Undersecretary for Rural Development Tom Dorr, Members grilled Dorr on the administration's plan to eliminate direct single family low income housing loans, the administration's proposed elimination of community facility grants, the slow progress of the agency's broadband program and its arduous application process, insufficient support for immigrant farm worker housing, and funding for the backlog of rural water and wastewater projects.

In what marked the liveliest exchange of the hearing, Rep. Marcy Kaptur (D-OH) strongly criticized Dorr for what she characterized as the administration's grossly inadequate support for biofuels development in the FY 08 USDA rural development budget. The Undersecretary emphatically objected to this characterization, but Congresswoman Kaptur continued her rebuke by noting that in spite of the incredible economic benefits rural America could receive from biofuels production, the President was currently in Brazil to discuss trade issues, including increased ethanol imports.

Captive Supply Reform Bill Introduced in Senate: On Wednesday, Senator Mike Enzi (R-WY) re-introduced his "captive supply" bill (S.1017) which would amend the Packers and Stockyards Act to require packers to have a fixed base price in their contracts and to also put contracts up for bid in the open market. The purpose of the bill is limit the ability of packers to manipulate the market through the use of livestock that they directly own or control prior to slaughter. The legislation would also encourage electronic trading that would function much like the stock market where insider trading is prohibited. The bill is co-sponsored by Senators Byron Dorgan (D-ND), Chuck Grassley (R-IA), Craig Thomas (R-WY), and Kent Conrad (D-N.D.). The captive supply bill joins the Grassley bill to ban packer ownership of livestock, the Grassley-Feingold "spot" market bill, and the Harkin bill to reform the Packers and Stockyards Act and Agricultural Fair Practices Act as part of a package of legislation that SAC and other organizations support as the raw material for a comprehensive Competition Title in the 2007 Farm Bill.

Clinton Introduces Rural Development and Local Food Bills: On Thursday, Senator Clinton (D-NY) introduced a package of three bills. The Rural Investment to Strengthen Our Economy Act (S 1034) would create a National Board on Rural America and emphasize a regional planning approach to business development in a manner similar to the RSIP program authorized in the 2002 Farm Bill but never launched. The Broadband Initiatives Act (S 1032) would expand rural broadband access through a streamlined program delivery strategy and the creation of a Rural Broadband Innovation Fund. Finally, the School Food Fresh Act (S 1031) would improve the school lunch commodity foods program by linking local and regional farmers with schools, and provide grants for projects evaluating product specifications for commodities used in all USDA programs.

NEXT WEEK

Agricultural Air Quality Task Force (AAQTF) Meeting: On Monday, Martha Noble will join representatives from environmental and other organizations at meeting with NRCS Chief Arlen Lancaster to discuss concerns about the NRCS AAQTF. SAC joined 27 groups on a January 30 letter to the Chief which raised concerns about the balance of interests on the advisory committee and the issues addressed by the AAQTF. The AAQTF charter indicates its role is to strengthen research efforts related to

agricultural air quality. Instead, the Task Force has focused much of its efforts on policy recommendations to exempt agricultural operations from compliance with environmental regulation.

USDA NEWS

National Campaign Organic Committee and NOSB Meeting: On Monday, the National Campaign for Sustainable Agriculture's Organic Committee hosted a DC meeting of organic advocates. The meeting dovetailed with the USDA National Organic Standards Board (NOSB) meeting held Tuesday through Thursday. Tazuer Smith attended the meeting to provide members with an update on organic priorities in the Farm Bill and the appropriations process. The meeting agenda covered new developments for certifiers, including accreditation costs and standards for grower groups, as well a host of NOSB issues ranging from cloning and aquaculture standards to commercial availability criteria.

Meeting with Food Safety & Inspection Service Staff: On Thursday, Tazuer Smith and Ferd Hoefner met with representatives of USDA's Food Safety and Inspection Service (FSIS) and Agriculture Marketing Service (AMS) on the issue of meat labels related to antibiotics and hormones. USDA staff attending the meeting included Dr. Robert Post, FSIS Director of Labeling and Consumer Protection, Tammie Myrick, FSIS Team Leader for the labeling staff, and Martin O'Connor, Chief of Standardization Branch at AMS. In addition to label claims for hormones or antibiotics, the meeting also addressed FSIS's recent move to explore revising standards for the "natural" labeling claim in relation to processing and AMS's parallel move to explore issuing a naturally-raised label claim. Also participating in the meeting were Dave Carter, Executive Director of the American Bison Association, and Jennifer Palembang, Outreach Specialist for the Union of Concerned Scientists.

State Conservation Innovation Grants: A check of the federal government grant website indicates that NRCS State Conservationists from ten states are currently taking applications for state Conservation Innovation Grants. The states include California, Colorado, Idaho, Maine, New Jersey, New York, North Dakota, Texas, Utah, and Washington. Other states may also be taking applications later in the year. Check with your NRCS State Conservationist's office for more information.

DULY NOTED

SWCS and Environmental Defense Release EQIP Assessment: The Soil and Water Conservation Society and Environmental Defense have released an assessment of the Environmental Quality Incentives Program (EQIP), the second of four Farm Bill conservation program assessments. The assessment of the Conservation Security Program (CSP) was released last week, and assessments of the Conservation Reserve Program (CRP) and the programs designed to provide technical assistance to producers participating in USDA conservation programs will be released in the near future. Both reports are available for download on the SWCS website at www.swcs.org.

USGS Issues Hypoxia Report: On Friday, the U.S. Geological Survey released a new report on streamflow and nutrient delivery from the Mississippi River Basin to the northern Gulf of Mexico. Scientists have linked the delivery of nutrients to the formation and extent of a "hypoxic zone" – a zone of waters with low dissolved oxygen that forms each summer in the northern Gulf along the Louisiana-Texas coast. The report is available under new releases on the www.usgs.gov website.

Mad Cow Testing: On Thursday, a federal judge rules that USDA may not prohibit Kansas-based Creekstone Farms Premium Beef from testing their animals for mad cow disease. USDA threatened Creekstone with prosecution if it tested all its animals, but U.S. District Judge James Robertson ruled that the government does not have the authority to regulate the test. The judge's order was put on hold until the government can appeal.

New Farm Bill Analysis Site: USDA's Economic Research Service this week put up a new online page -- www.ers.usda.gov/Features/FarmBill2007/ -- that pulls together ERS research and analysis relevant to the 2007 Farm Bill, categorized by farm bill title. They plan to update the site regularly as more publications are issued.

Planting Intentions – More Corn: USDA today released estimates of planting intentions for 2007, showing an ethanol-driven rise in corn acres to 90.5 million acres, the largest since 1944 and 15 percent higher than 2006. Wheat acreage will also increase, though not as much, while cotton and soybean acres will fall precipitously, as those acres shift to corn. Rice acres also fall, in part due to international marketing problems stemming from unapproved genetically modified contamination problems.