



KEY ISSUES AND RECOMMENDATIONS FROM

NO TIME FOR DELAY

**A SUSTAINABLE AGRICULTURE AGENDA
FOR THE 2007 FARM BILL**

**Policy Options to Enhance Economic Opportunity,
Environmental Stewardship, and Rural Prosperity**

SUSTAINABLE AGRICULTURE COALITION

October 2006

The **Sustainable Agriculture Coalition** (SAC) represents grassroots farm, rural, and conservation organizations from across the country that together advocate for federal policies and programs supporting the long-term economic and environmental sustainability of agriculture, natural resources and rural communities. The national alliance of grassroots groups takes common positions on critical federal food and agricultural policy issues and provides financial support for collective representation before Congress and federal administrative agencies. SAC was established in 1988 and has been deeply involved in policy education, consensus building, and policy option development since that time.

Our positions are based on extensive grassroots input from sustainable and organic farmers and ranchers and from private non-profit organizations working directly with farmers. SAC policy is developed through participatory issue committees that involve SAC member organizations as well as other national and regional sustainable agriculture networks and organizations. The four issue committees are reflected in the titles of the major sections of this document: Farming Opportunities and Fair Competition; Conservation and Environment; Marketing and Rural Development; and Research and Extension.

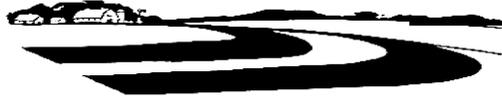
Sustainable Agriculture Coalition member organizations include:

- Agriculture and Land Based Training Association (ALBA) – *Salinas, CA*
- American Natural Heritage Foundation – *Lake Forest, IL*
- C.A.S.A. del Llano (Communities Assuring a Sustainable Agriculture) – *Hereford, TX*
- Center for Rural Affairs – *Lyons, NE*
- Dakota Rural Action – *Brookings, SD*
- Delta Land and Community, Inc. – *Almyra, AR*
- Future Harvest/CASA (Chesapeake Alliance for Sustainable Agriculture) – *Stevensville, MD*
- Illinois Stewardship Alliance – *Rochester, IL*
- Innovative Farmers of Ohio – *Delaware, OH*
- Institute for Agriculture and Trade Policy – *Minneapolis, MN*
- Iowa Environmental Council – *Des Moines, IA*
- Iowa Natural Heritage Foundation – *Des Moines, IA*
- Kansas Rural Center – *Whiting, KS*
- Kerr Center for Sustainable Agriculture – *Poteau, OK*
- Land Stewardship Project – *White Bear Lake, MN*
- Michael Fields Agricultural Institute – *East Troy, WI*
- Michigan Integrated Food and Farming Systems (MIFFS) – *East Lansing, MI*
- Michigan Land Use Institute – *Traverse City, MI*
- Midwest Organic and Sustainable Education Service (MOSES) – *Spring Valley, WI*
- The Minnesota Project – *St. Paul, MN*
- National Catholic Rural Life Conference – *Des Moines, IA*
- National Center for Appropriate Technology – *Butte, MT; Fayetteville, AR*
- Northern Plains Sustainable Agriculture Society – *LaMoure, ND*
- Ohio Ecological Food and Farm Association – *Columbus, OH*
- Organic Farming Research Foundation – *Santa Cruz, CA*
- Pennsylvania Association for Sustainable Agriculture – *Millheim, PA*
- Sierra Club Agriculture Committee – *Multi-state*
- The Washington Sustainable Food and Farming Network – *Mount Vernon, WA; Cheney, WA*

We welcome inquiries from organizations interested in joining us, and also welcome endorsements of this platform. For further information, please contact:

Sustainable Agriculture Coalition, 110 Maryland Avenue NE, Washington, DC 20002
202-547-5754; www.msawg.org.

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NO TIME FOR DELAY:

SYNOPSIS VERSION

- Preface -

This document springs from the collective vision of farm and rural advocates from around the country for a new future for American agriculture and rural communities. This vision is one where a safe, nutritious, ample and affordable food supply is produced by a legion of family farmers who can make a decent living pursuing their trade on the scale they choose, utilize methods and inputs that conserve their resource base and keep healthy their environment, and are recognized for their contributions to the strength and stability of their communities. This document represents a combined effort, emanating from a grassroots base, to articulate changes in agriculture and food policies for the next farm bill to help achieve this vision. This new direction, this new future cannot wait. For too long our federal agriculture and food policies have supported an industrialized system which at its core demands uniformity over quality and caters to the desires of a few over the welfare of the many. We can do better, much better, than the status quo. This document, written by the members of the Sustainable Agriculture Coalition, provides policy makers with the pathway to a better tomorrow for farmers, the rural communities and environment in which they live, and the rest of us who enjoy the fruits of their labor.

We recognize that there are other voices within the agricultural community who are suggesting delaying action on a new farm bill by simply extending the one we have now for an extra period of years. Others suggest a variant on the same theme – write a new farm bill that basically extends the current farm bill for as long as possible with at most minor tweaks. These positions are justified by the proponents in part based on slow progress at the world agricultural trade negotiations and on the challenging nature of the federal budget situation.

We take a very different position. We believe there is no time for delay -- the future of family farming, land stewardship, and rural communities is at stake. No single farm bill and no single policy change will magically solve all problems. But we can do far better than retreat to short-term status quo survival options that keep agriculture limping along but provide no real solutions to the environmental, structure of agriculture, competition, and rural economic problems we face. We can and should embrace serious reform and new initiatives to promote family farms, small communities, and vibrant rural economies while producing healthy food and a healthy environment. We believe the best way to approach trade negotiations and budget pressure is to tackle reform head on and move toward sustainable, long-term solutions to the complex policy dilemmas we face. The new federal farm bill is an excellent place to start on real, forward-looking solutions. We can and should make a significant down payment on a new generation of farm and food policy, and we should grasp that opportunity now, without delay. Current farm bill policy is not doing the job it could to promote economic opportunity, environmental stewardship, and rural prosperity. We can do better! The time to act is now!

The synopsis of our 2007 farm bill platform that follows is divided into four areas: Farming Opportunities and Fair Competition; Conservation and Environment; Marketing and Rural Development; and Research and Extension. Each section begins with a statement of major issues, followed by our recommendations for the farm bill. The full text of *No Time for Delay* can be found at www.msawg.org.

Part I: Farming Opportunities and Fair Competition

The family farm as the nucleus of American agriculture is in considerable jeopardy, but fresh opportunities for renewal are also coming into focus. The family farm system can be strengthened by reducing barriers to farm entry and transition, improving the viability and sustainability of small and moderate-sized family farms and ranches, and restoring fair competition in the marketplace. For family farm renewal to really take hold commodity, credit, and crop insurance programs must be reformed, competition laws renewed and enforced, and new investments made in innovative approaches to creating new and sustainable farming opportunities.

New Farmers and Ranchers -- Farmers over the age of 65 years outnumber those below the age of 35 by more than two to one. A majority of farmland and farm business assets are owned by individuals over the age of 65. Over the next two decades, an estimated 400 million acres of agricultural land will be transferred to new owners and will either remain in production or be converted to non-agricultural uses. The emerging new generation of farmers is quite diverse, including in addition to children of farm families, first and second career people from non-farming backgrounds, immigrants, former farm workers, and established farmers making major transitions in their farming systems. They are both men and women in about equal numbers. This more diverse new generation of farmers has very different needs than previous generations.

The future health and vitality of agriculture, the food system and rural communities will depend on public policies that encourage this new generation to become established in agriculture and manage land sustainably. The 2007 Farm Bill should include a major, cross-cutting initiative that addresses in a comprehensive fashion the needs of beginning farmers and ranchers.

Farm Program Reform -- Programs to regulate the production of the major non-perishable field crops have been at the center of farm bills dating back to the New Deal era. In recent years, however, many of the original goals of commodity programs have been abandoned and replaced with outright production subsidies that encourage overproduction, low prices, environmental stress, and an export expansion orientation. This dramatic shift has intensified debate over the future of commodity programs. Increasingly, US commodity policy is cause for claims by farmers in developing countries of unfair dumping of US farm products at low prices that discourage agricultural development and hunger reduction abroad. Recently, questions have been raised about the lack of congruity between commodity programs and public health and nutrition priorities. Livestock and fruit and vegetable producers are also raising equity considerations about the division of farm bill resources. Even within the supported commodity sector, farm leaders increasingly question the wisdom of programs that offer protection only against price swings without also addressing production and yield shortfalls.

We believe farm program policy should foster agricultural and food systems based on family farms that nurture and sustain rural communities and the environment, promote a diversified and healthful food supply, foster increased farming opportunities and widespread ownership of land, and support, or at least not detract from, strong agricultural development and hunger reduction strategies internationally. The current programs come up short on every count. Realizing that farm program reform is an evolutionary process, we believe the 2007 Farm Bill should focus on addressing the most serious negative consequences of current policy. Likewise, crop insurance and credit reforms should help align those programs with the same set of goals.

Competition Title -- Large segments of the nation's food supply are dominated by a handful of corporations. In many rural communities there are only a few, or even just one, corporate buyer(s) for a given agricultural commodity, especially in the livestock and poultry sectors. The result has been an expanding use of production and marketing contracts that prohibit farmers and ranchers from using legal measures to increase their bargaining power. Information about market prices for agricultural products has also decreased as the use of fair and open markets decreases. Many farmers and ranchers face price discrimination as a result. Despite the seriousness of this issue, the Agriculture Committees have by and large neglected their oversight and legislative responsibilities for the Packers and Stockyards Act and Agricultural Fair Practices Act. The 2007 Farm Bill should include a comprehensive competition title that begins to reverse this neglect.

Highlighted Initiative. **NEW FARMER AND RANCHER PROGRAMS**

Since 1990, Congress has begun to incorporate provisions into the farm bill that are specific to beginning farmers and ranchers, especially in the area of farm credit. These nascent efforts should be expanded, with improvements in the credit arena and new initiatives in other areas of farm policy. The new farm bill should include a new farmer and rancher initiative that provides significant and concrete to help in creating new farming opportunities for small and mid-scale family farmers, including:

The **Beginning Farmer and Rancher Development Program** (BFRDP) should be reauthorized and granted at least \$20 million a year in mandatory farm bill funding. The BRRDP is a competitive grants program supporting education, extension, and technical assistance initiatives directed at new farming opportunities authorized by the 2002 Farm Bill. Once funded, this will be the very first USDA program in history outside of debt financing programs specifically for beginning farmers. The BFRDP should be viewed as the keystone beginning farmer program at USDA.

The 2007 Farm Bill should institute a **Beginning Farmer and Rancher Individual Development Account** (IDA) pilot program, available in at least 15 states. An IDA program uses matched savings accounts to assist those of modest means to establish a pattern of savings. In the case of beginning farmers, the account proceeds may be used toward capital expenditures for a farm or ranch operation, including expenses associated with purchases of land, buildings, equipment, or livestock, or toward acquisition of training.

The **Beginning Farmer and Rancher Down Payment Loan Program**, established by the 1992 Agricultural Credit Act, combines the resources of the Farm Service Agency, the beginning farmer, and a commercial lender or private seller, allowing limited federal dollars to be spread to more beginning farmers. The 2007 Farm Bill should make improvements to the program, including setting a floating rather than fixed interest rate subsidy. To better reflect current market realities, the existing \$250,000 maximum allowable farm sales price should be scrapped in favor of a \$400,000 limit on the maximum allowable portion of farm sales price eligible for the down payment loan.

The **Beginning Farmer Land Contract Pilot Program** adopted in 2002 promotes private land contract sales as a way for retiring farmers to transfer land to new farmers. The 2007 Farm Bill should make the pilot program a regular nation-wide program option. The current 2-year limit on payment guarantee should be extended to 3 years, and a new option added for a standard 90% guarantee of the outstanding principle.

Conservation and Stewardship Incentives for New Farmers and Ranchers can help new farmers get a good start in agriculture, while getting more 'bang for the buck' out of conservation programs by creating a whole generation of conservation excellence. The 2007 Farm Bill should strengthen the existing cost share bonus by clarifying that the rate for beginning farmers and ranchers and socially disadvantaged producers must be at least 15% greater than the base regular rate for a particular practice. Additionally, the new farm bill should:

- Provide strong conservation planning assistance and financial incentives for developing whole farm/ranch resource management system conservation plans.
- Provide a substantial number of ranking points for beginning farmers and ranchers within each farm bill conservation program that uses ranking systems to determine enrollment.
- For CRP land returning to production, offer special incentives for existing owners to rent or sell to beginning farmers and ranchers using sustainable grazing practices or fully compliant conservation cropping systems.

The **Risk Management Education and Partnerships programs** should be strengthened to include a special emphasis on risk management for beginning farmers and ranchers.

Dedicated **New Farmer Research** funding should be included in the research title making farm transfer and farm entry and beginning, immigrant, and socially disadvantaged farmer and rancher issues priority research areas within the major competitive and integrated research, education and extension programs.

-- Other Priority Initiatives --

Commodity Program Reform

Payment Limitation Reform -- Originally intended to provide a safety net for farmers, the current commodity payment system has promoted overproduction, environmental stress, and grossly overvalued land prices. While a variety of reforms are needed to reduce the negative impacts of the current production incentive policy, from the standpoint of strengthening the family farm system of agriculture, the single most effective first step Congress could take in the farm bill is to cap subsidies to mega farms. We believe the 2007 Farm Bill should include comprehensive payment limitation reform, including the elimination of the three-entity rule, direct attribution of payments to real persons, counting commodity certificates and forfeiture gains against the limits, and closing the loopholes in the “actively engaged in farming” rules.

Sodsaver -- In order to protect native prairies and other critical grasslands, the conservation compliance section of the farm bill should be modified to deny farm commodity program, crop insurance, disaster, and conservation subsidies on previously uncropped grasslands converted to crop production. Landowners would still be free to plow up their grassland and convert it to cropland, but they would not be able to do so and receive taxpayer subsidies. By reducing conversions, the sodsaver proposal will not only reduce overproduction and the resulting low prices for farm commodities, but it will also protect important grasslands that serve as valuable habitat for a wide variety of plant and animal species.

Green Payments -- Current commodity programs encourage production specialization, intensification, and overproduction while placing more diverse, extensive and resource-conserving cropping systems at a competitive disadvantage. We believe the public will support major agricultural assistance efforts if the programs increase effective conservation, are targeted to family farms, improve communities, and reward environmental benefits. A comprehensive stewardship incentives system that includes, at its heart, an expanded and streamlined Conservation Security Program (CSP) will help secure continued public support for agriculture.

Full Planting Flexibility -- Should marketing loan gains/loan deficiency payments be retained in the next farm bill, they should be made subject to planting flexibility rules, reducing a remaining program barrier to the adoption of resource-conserving crop rotations. In addition, Congress should remove the prohibition on planting fruits and vegetables on base acres, and in return take steps to improve specialty crop growers’ access to whole farm revenue insurance, the CSP and other conservation financial assistance, and nutrition and food assistance programs.

Base and Yield Update Prohibition -- Commodity program base acres and yields should be based on historic averages and the farm bill should not provide further opportunities to update bases or yields.

Crop and Revenue Insurance

Whole Farm Revenue Insurance – The 2007 Farm Bill should build on the experience to date with the Adjusted Gross Revenue (AGR) and AGR-Lite programs but improve on those efforts to create an accessible and affordable whole farm revenue insurance option. The new insurance option should be available on a nationwide basis to farmers everywhere, not limited to fruit and vegetable production areas or to areas with historic low use of crop insurance. The policies should be structured in a manner to significantly reward diversification in recognition of its high environmental and risk management value. To better mesh risk management and conservation policy, a system of premium discounts should be established to reward high levels of environmental performance through development and implementation of a NRCS-certified comprehensive Resource Management System plans.

Fair Crop Insurance Terms for Organic Farmers -- Organic producers should have access to insurance programs that meet their needs without putting them at a competitive disadvantage to conventional producers. The 2007 Farm Bill should eliminate the current 5% surcharge on premiums for organic

producers and establish a deadline by which payments to organic producers reflect organic rather than conventional market prices.

General Credit Title Issues

Direct Loan Limitation Reform -- The direct farm ownership and operating loan limits should both be increased from \$200,000 to \$300,000 and indexed annually to inflation. The direct farm ownership loan limit should be adjusted upward regionally in areas with very high land prices according to a formula based on land price differentials. In addition, farm bill funding authority as well as actual appropriations for direct ownership and operating loans should be increased to ensure the number of farmers served does not decline as a result of loan limit modernization.

Term Limits -- Under current law, there are restrictions – referred to as term limits – on the number of years a borrower can be enrolled in the FSA direct and guaranteed loan programs. The 2007 Farm Bill should eliminate term limits, but only under the following conditions: (1) the borrower training program, loan assessment rules, market placement and graduation procedures, and family-size farm and no credit elsewhere test are maintained and strengthened; (2) Congress directs FSA to issue rules and performance criteria that will ensure these existing program elements are fully utilized, and (3) loan office staffing and training is fully funded. This will help ensure that the system works to establish successful farming operations and graduate borrowers to commercial credit in the shortest period of time possible, but without resort to arbitrary and rigid term limits.

Alternative Enterprises -- Federal credit and crop insurance program barriers to diverse and alternative enterprises should be minimized. The FSA and RMA should be encouraged to support efforts by farmers to pursue alternative crops and enterprises and to develop new niche markets.

Competitive and Fair Agricultural Markets

The **Packers and Stockyards Act** should be amended to:

- Prohibit the use of production contracts that do not fix base prices at the point of sale but include a provision for adjustments to a base price for quality, grade, or other factors outside of packer control.
- Require the Secretary to write regulations defining the statutory term “unreasonable preference or advantage” to ensure that small and mid-sized producers do not face discrimination in the market place.
- Establish that producers need not prove anti-competitive injury to an entire market in cases involving unfair or deceptive trade practices which have harmed them individually.
- Give USDA administrative authority to investigate and file complaints against violations of the Act regarding all types of poultry transactions.

The **Agricultural Fair Practices Act** should be amended to:

- Make it unlawful for any firm to refuse to deal with a producer for belonging to or attempting to organize an association of producers or a cooperative.
- Prohibit the use of binding mandatory arbitration clauses and restrictions on other legal rights available to farmers and ranchers involved in production and marketing contract disputes.
- Expand the prohibition on confidentiality clauses to cover all agricultural marketing and production contracts, not just those for livestock and poultry, and to ensure that farmers and ranchers can share information about the details and terms of contracts with other farmers and producer associations.
- Require that contracts include clear disclosure of producer risks. In addition, prohibit premature cancellation of contracts without a showing of good cause and providing for the recapture of producer capital investment, and ban unfair trade practices including “tournament” or “ranking” system payments that are calculated by the packer and processor and result in unpredictable and arbitrary payments.

Part II: Conservation and Environment

Conservation must have a prominent role in the next Farm Bill. The 2007 bill should consolidate gains, restore funding cuts, increase base level funding, and improve programs to better assist family farmers and ranchers in their efforts to be good stewards of the land and better assist rural communities to protect and restore their natural resources and landscape amenities. Despite conservation funding increases in the 2002 Farm Bill, there continues to be large unmet needs of farmers and ranchers for conservation assistance, continuation of the destructive pressures of traditional commodity production subsidies, and increased calls for U.S. leadership to shape domestic agricultural policy that will give prominence in international trade regimes to conservation as non-trade distorting support for farmers and ranchers. The next farm bill should substantially increase total conservation funding, protect and strengthen the current land retirement and resource easement programs, and accelerate the shift to increased working lands stewardship assistance.

The 2002 Farm Bill took a momentous step forward with the new Conservation Security Program (CSP), the keystone program for providing comprehensive stewardship incentives and technical assistance to farmers. However, the landmark program has been chipped away at through administrative delays and cutbacks and congressional raids on CSP funding. Transforming the CSP into the nationwide program it was meant to be is one of the most critical tasks for the new farm bill. Our conservation programs must better serve not only our farmers and ranchers but also rural communities and all citizens who want improvements in environmental performance through systems of agricultural production that are sustainable in the long-term.

Since its advent in the 1985 Farm Bill, the Conservation Title has splintered into numerous programs which are poorly coordinated at the level of the individual farm or ranch and at the landscape level. The 2007 Farm Bill is an opportunity to strengthen the entire conservation portfolio through better coordination of conservation program delivery and the establishment of some broad ground rules to create a stronger foundation to address agro-environmental issues in a comprehensive fashion. An overarching goal should be using comprehensive conservation planning as a gateway to financial assistance programs in order to shift focus from single resources or single practices to underlying improvements to farming systems.

The current Farm Bill focuses most conservation resources on individual farms and ranches with few resources devoted to coordinated cooperative efforts at the watershed or landscape level, in concert with funding and initiatives at the local and state level. The 2002 Farm Bill did include a Partnerships and Cooperation Initiative to help increase this coordination. Unfortunately, USDA has implemented this initiative only as a small planning grant program called the Cooperative Conservation Partnership Initiative. This program must be revisited to mandate actual cooperative conservation implementation with a reliable source of funding from the existing federal farm bill conservation programs and sufficient flexibility to solve local resource problems and take advantage of local resource-based community development opportunities.

With the implementation of the National Organic Program and the dramatic increase in consumer demand for organically produced food, more farmers and ranchers are turning to organic production. This shift represents an enormous opportunity for conservation, but to realize the benefits USDA must increase coordination of its conservation programs with these organic farming systems that provide significant conservation advantages with environmentally sound pest control methods and greater use of on-farm inputs.

The federal Energy Policy Act of 2005 and numerous state initiatives have set ambitious goals for the production of biofuels and other forms of energy from our agricultural land base. With rising prices for petroleum products and natural gas, there will be significant new pressures on our agricultural production systems. This will require more attention to the incorporation of sound conservation into energy crop production systems and increased attention to on-farm energy efficiency and the use of solar and wind technologies for renewable energy for use both on and off the farm.

Highlighted Initiative. **CONSERVATION SECURITY PROGRAM**

The Conservation Security Program (CSP), passed by Congress in 2002 and implemented by USDA in 2004, encourages conservation on farming and ranching operations of all types in all regions, and comprehensively addresses soil, water, wildlife, energy and other resources of a healthy agricultural system. The CSP is the first serious attempt to move toward an outcome-based federal conservation program that rewards performance rather than prescriptive practices. The CSP is also the first broad-based federal farm conservation incentive program ever that requires participants to solve resource problems to the non-degradation or sustainable resource use level. The CSP emphasizes cost-effective management practices and offers graduated enrollment tiers leading to whole farm, total resource management systems at the highest tier. CSP payments are world trade-compliant “green box” payments not subject to trade agreement restrictions.

In its first three years, the CSP enrolled nearly 20,000 farmers in 280 watersheds across the country, obligating over \$2 billion in long-term contracts. While great progress has been made in launching the CSP, post-farm bill funding cuts and unfortunate administrative implementation decisions have restricted enrollment opportunities to a limited number of specific watersheds, in contrast to the intent of the 2002 Farm Bill that the program be available nationwide on a regular basis.

Scope and Funding -- The CSP should be retained as the primary stewardship incentives program to reward superior conservation systems on land in agricultural production. CSP funding should be set to achieve enrollment opportunities for all farmers and ranchers on a nationwide and preferably continuous sign-up basis. If not continuous, then sign-up periods should be predictable with sufficient advanced notice to farmers and ranchers so they can determine steps needed to achieve eligibility and undertake the conservation planning required by the CSP at the time of enrollment. Technical assistance funding for the CSP should be fixed to unambiguously provide for sufficient and timely technical assistance capacity.

Natural Resource and Environmental Criteria -- The natural resource and environmental criteria and conditions for participation in the CSP should be refined based on lessons learned in the first years of program implementation. The eligibility bar for participation should be set at a high stewardship level and the payment structure should encourage new practices and activities and continual improvement. As a condition of eligibility, scores on performance-based, outcome-oriented indices should be sufficiently high to indicate that very effective conservation effort has already taken place. Where program implementation continues to rely on practice-based eligibility requirements, farmers should have the option of incorporating these practices into their conservation plans and implementing whatever specific practice changes are required within the contract period. For most practices, this should be within the first year or two of participation in the program, with payments delayed until the required activities are implemented.

CSP’s multi-tiered approach to dealing with resource concerns should be retained but the number of resource concerns addressed within each tier should be expanded. Wildlife habitat should be included as a mandatory resource concern at Tier 2 and Tier 3. Tier 3 should require the adoption of resource-conserving crop rotations on annual cropland and managed rotational grazing on pastureland. Participants should be required to address additional resource concerns and adopt additional conservation activities during the contract term.

Payments -- The CSP payment structure should be reformed to increase incentives for natural resource and environmental enhancements and to drop or modify payments that do not support this goal. The current declining enhancement payment structure should be dropped. The base/stewardship per acre rental rate payment should be converted to a modest flat sum payment for conservation planning and practice maintenance. Enhancement payments should remain the major payment type and focus of the program. All CSP payments that are made on a per acre basis should include floor amounts to ensure equity and participation for farmers and ranchers with smaller acreage operations. The CSP payment system should be simplified to ensure continued progress toward outcome-based measures for payments, with higher payments provided for higher levels of conservation. The CSP should retain sensible, moderate, loophole-free payment caps. In order to prevent any future payment abuse, the new Farm Bill should require USDA to implement existing law with respect to direct attribution of payments to real persons.

-- Other Priority Initiatives --

Environmental Quality Incentives Program

Originally established as part of the 1996 Farm Bill, the Environmental Quality Incentives Program (EQIP) was not only significantly expanded in size by the 2002 Farm Bill – from \$200 million a year to over \$1 billion a year -- but was also amended to eliminate some original measures that helped ensure the program would focus on priority conservation objectives and overall net improvement of the rural environment. The program should be maintained but strengthened in the new farm bill. EQIP should be coordinated with the CSP to improve local program delivery. EQIP applicants seeking to improve their operations meet CSP eligibility requirements should have the highest priority for EQIP enrollment. EQIP should also once again highlight the importance of assessing the cost effectiveness of EQIP proposals and prioritizing the choice of lowest cost options. A new provision should also be added directing USDA to evaluate both short and long-term costs and net energy consumption of conservation practices, with particularly attention to practices that involve expenditures on infrastructure and equipment.

The next Farm Bill should restore to EQIP provisions that ensured that overall positive environmental performance of the program. These include:

- A reasonable payment limitation of not greater than \$150,000 in any 5-year period.
- A prohibition of funding for animal waste storage and handling facilities for large-scale industrial CAFOs (1000 animal units or more as defined by EPA). If a complete prohibition is not re-adopted, at the very least spending should be limited to mitigation of waste storage problems on existing operations, ending the misuse of EQIP dollars as production subsidies for new and expanding CAFOs.
- The progressive conservation planning requirements to ensure that practices funded by the program result in net conservation and environmental benefits. All funded projects should address priority resource concerns and promote progress toward their non-degradation criteria.
- The educational assistance component of EQIP to increase conservation education and producer participation and to help assess the environmental performance of the program.

Cooperative Conservation Partnership Initiative

The 2002 Farm Bill's Partnership and Cooperation Initiative should be reauthorized as the Cooperative Conservation Partnership Initiative (CCPI) and significantly expanded. The new CCPI should support special projects for multiple producers to address specific resource concerns or opportunities on a local, state, or regional scale. The full range of resource concerns should be eligible, with a priority for projects which simultaneously address community development opportunities and environmental enhancement. Special effort should be made to fund projects involving beginning, socially disadvantaged and tribal producers.

The CCPI should be implemented on a competitive basis with public and private entities eligible to submit initiative proposals covering the full range of resource concerns. Up to 20 percent of a state's farm bill conservation program funding allocation should be available for cooperative conservation projects, with sufficient flexibility to match program funding streams and mechanisms to tackle specific local problems. Funds for selected projects should include financial and technical assistance, education and outreach, and monitoring and evaluation.

The bulk of potential funding should be administered at the state level, with significant input from the NRCS State Technical Committees. Requests for applications and project evaluation factors should be developed through consistent national guidance. Priority should be given to projects that have solid plans already in place and are ready to move into the implementation phase, though a small set-aside could be retained for planning grants. A small portion of total funding should be reserved at the national level to help support larger, multi-state projects or special national demonstration efforts.

Streamlining Program Delivery through Conservation Planning

Comprehensive conservation planning should be made a basic entry point for farmers and ranchers to access multiple conservation financial assistance programs. After assessing their resources, status, problems and potential solutions in a conservation plan, farmers and ranchers can then be guided to apply for the

appropriate incentive, cost-share, or easement programs that best meet their needs. As an incentive for superior stewardship planning, the farm bill should provide for automatic eligibility to the relevant financial assistance programs if the plan addresses all resource concerns and equals or exceeds the applicable sustainability or quality criteria. Rather than viewing whole farm total resource management planning as a luxury we cannot afford, it should be put back into the driver seat and used to streamline our approach to conservation program eligibility.

Conservation Compliance & Sodsaver

The 2007 bill provides an important opportunity to reassess and improve the conservation compliance regime to reduce erosion and protect wetlands first established in the 1985 Farm Bill. Subsequent farm bills and administrative actions have weakened conservation compliance measures. The next farm bill should reverse this trend by narrowing the authority of USDA to waive conservation compliance rules and by strengthening waiver guidelines and accountability. Conservation compliance should also be re-linked to the crop insurance program to help ensure that the taxpayer funding of over \$3 billion a year to discount the cost to farmers of crop insurance does not inadvertently increase erosion or promote wetland conversion and loss.

Nearly half of all excessive erosion is occurring on land that is not highly erodible land (HEL) and is thus not subject to conservation compliance requirements. To help stem this erosion, compliance requirements should be extended to all cropland receiving program benefits which is eroding at excessive levels. In addition, a new sodsaver provision should be enacted. This provision would protect prairie, critical habitat and biodiversity, reduce the cost of subsidy programs, and take the pressure off of already over-subscribed conservation incentive programs, by prohibiting commodity, insurance, and conservation subsidies on native prairie and permanent grasslands without a cropping history if such land is cropped in the future.

Wetlands Reserve Program

We strongly support the retention of the WRP with an enrollment directive of no less than 250,000 acres per year nationwide, with a strong priority for permanent easements. Given the current unfunded backlog of WRP applications, we support front loading additional acres and dollars during the first two years of the new farm bill to allow farmers to move forward with their restoration plans without further delay. We also support incentives to landowners to allow public access to the land for hiking, biking, hunting, fishing, bird watching, and other recreational amenities that do not conflict with the conservation goals of the WRP.

Conservation Reserve Program

The CRP should be retained with improvements to the environmental benefits index (EBI) and inclusion of environmentally benign measures for dealing with invasive species. Long-term and permanent conservation easements on particularly environmentally sensitive land should be included as a program option, creating budget savings while protecting areas that need to be permanently retired from production to provide important environmental benefits. Haying and grazing on CRP land should continue to be allowed, but rather than being based on the current rigid and faulty national prescription, it should be based on sound science under approved conservation plans, with safeguards for protecting wildlife habitat and other CRP conservation objectives, and tailored to the local climate, ecological requirements of specific wildlife species, and other local conditions. At least 7 million acres or 20% of total CRP acreage, whichever is greater, should be reserved for continuous CRP (CCRP) and Conservation Reserve Enhancement Program (CREP) enrollment. No fewer than 500,000 acres should be available each year for CCRP and CREP enrollment.

USDA should implement measures for maximizing the conservation values on CRP land coming out of contract and back into agricultural production. Whole field contract holders who intend to leave the CRP should be encouraged to retain partial field conservation practices and buffers through the CCRP. Enrollment of the land into the CSP should be facilitated. EQIP cost-share should be used to establish new farming operations that are in concert with wildlife protection and the environment. Finally, incentives should be provided to encourage retirees or non-farming heirs holding CRP contracts to transfer the land to beginning farmers and ranchers committed to using effective conservation systems.

Emerging Issue: **AGRICULTURALLY-BASED ENERGY CONSERVATION AND PRODUCTION**

Sustainability criteria should guide all conservation and energy title programs that seek to promote renewable energy. Within each program, the evaluation and ranking criteria used to make individual awards, grants, and loans should also use the same basic set of sustainability criteria as a guide. These criteria include:

- An immediate priority should be to manage energy usage through conservation and energy efficiency.
- Development of new energy sources should be ecologically sound, socially responsible and, whenever possible, locally owned and managed.
- All energy developments, including renewable energy, should go through individual site and environmental review to insure that ecological impacts are minimized.
- Biomass should generally go to the highest sustainable use, which may not be energy production.
- Biomass byproducts should be utilized in an ecologically sound and sustainable way.
- Biomass energy should be sustainably grown and produced to provide net environmental benefits.

Bio-energy and bio-refinery programs authorized in the Farm Bill should include a major focus on local ownership to bring energy goals in line with family farm and rural community development objectives. Cost share, incentive, and subsidized loan programs should be targeted to facilities that are at least 51% farmer-owned as well as to facilities that utilize feedstock from perennial biomass crops meeting sustainable crop production principles and criteria.

Conservation Security Program -- The Conservation Security Program is ideally suited to provide conservation assistance to the wide array of agriculturally-based energy production systems. Incentives for on-farm energy efficiency, on-farm renewable electricity generation, and on-farm renewable fuels use should be continued. Incentives should be added to reward switching to more conserving crops, and for using wildlife-friendly systems and practices, when producing biomass crops for renewable energy. The CSP statute also provides incentive payments to participate in demonstration and research on sustainable production systems, a provision that should be applicable to biofuels and other agriculturally-based energy options.

Sustainable Agricultural Energy Innovation Grants Program -- In order to determine the ecological and economic feasibility of producing energy from a new array of feedstock crops it will be advantageous to have a focused Sustainable Agricultural Energy Innovation Grants Program. This program should be nationwide and focus on various crop systems, with a priority for diverse systems based on perennial plants. This Program would encourage the development of agricultural energy that responds to regional needs and capabilities rather than creating agricultural energy production centers concentrated in a few pockets of the country. Emphasis would be placed on converting existing cropland to biomass production.

With respect to land under contract in the Conservation Reserve Program, we recommend that if the CRP management practices approved for a specific region allow for periodic mowing as part of the biologically and climatically appropriate management regime, the by-product of that approved management practice may be used for biomass and be eligible for inclusion in an innovation grant project. The controlling factor should be appropriate resource management practice, however, not the production of biomass. The frequency of the practice should be based solely on professional determinations of appropriate management to improve the resource and advance the contract's objectives.

Section 9006 -- The 2002 Farm Bill's Energy Title includes a Renewable Energy Systems and Energy Efficiency Improvements Program (Section 9006) which offers competitive grants and loan guarantees to farmers, ranchers, and rural small businesses showing a demonstrated financial need, to assist participants in making energy efficiency improvements within their present operations or creating renewable energy production systems. The Section 9006 Program should be reauthorized with the addition of feasibility study grants and with a priority for projects that focus on energy efficiency for small and mid-sized producers. A priority should also be given to projects that enable agricultural producers to implement production techniques that provide a net environmental benefit as well as energy crops or on-farm energy production.

Part III: Marketing and Rural Development

Many of our nation's farm and rural areas are facing mounting social and economic challenges. The continued disappearance of medium-sized farms and ranches, consolidation and loss of agricultural processing and marketing infrastructure, trade globalization, population losses and shifts, international immigration, and environmental and natural resource concerns are converging to create a situation of uncertainty and insecurity in rural America. To help farm and rural communities leverage their local resources into lasting economic vitality, the 2007 Farm Bill should include a comprehensive and integrated set of innovative marketing and rural development programs. Revitalizing family farming must be part of a larger strategy that supports sustainable economic growth and meaningful employment opportunities for all rural residents, and promotes a legacy of stewardship for the natural resources that distinguish rural America.

While the 2002 Farm Bill included some hopeful programs designed to assist independent farmers and ranchers and the rural communities in which they live and work, these initiatives are not fully meeting the needs of existing producers and potential entrepreneurs seeking access to emerging niche and value-added markets that characterize today's changing agriculture industry. Farm bills have paid considerable attention to developing export markets, but very little attention to our own local and regional markets that can increase the farm and rural income and revitalize our food system. Domestic organic food production lags far behind domestic consumer demand. Expanding niche markets for sustainably-raised family farm meat are hindered by federal rules prohibiting state-inspected meat plants to sell in interstate commerce.

While rural counties found adjacent to population centers are experiencing increased population through migration, many other rural areas of the country are continuing to feel the pain of population loss. Census figures from 2004 indicate that 77% of farming counties lost population between 2000 and 2004. This population loss is directly linked to the high rates of poverty and slower job growth found in these areas. In spite of the fact that entrepreneurship has been recognized as the single most important key to the creation of robust local economies, there is a dearth of federal policy designed to address the specific financial needs of rural businesses and enhance self-employment opportunities for low and moderate income rural residents. Providing adequate support to local and regional organizations offering technical assistance, education and training is critical to the creation of successful local businesses and strong rural communities.

Recognizing the need for a renewed focus on effective rural economic development strategies, SAC and its partners have developed a platform of innovative initiatives with a documented track record of increasing sustainable family farm production and fostering rural small business development. The package is organized under a rubric that emphasizes four strategic issues that must become rural development policy priorities in the 2007 Farm Bill--entrepreneurship and value-added agriculture, organic agriculture, new local and regional markets, and rural business and community development.

Within the context of these four issue areas, successful existing programs like the Value-Added Producer Grants program, the Farmers Market Promotion Program, and the National Organic Certification Cost Share program need increased federal support and updated standards. To address obstacles to increasing organic production, an Organic Transition Support Program is introduced, along with a recommendation to improve food safety standards and eliminate the prohibition on interstate shipment of state-inspected meat, thereby providing small producers of grassfed beef, pasture-raised pork and free range poultry with increased market access for their products. New programs that aid community development and foster private enterprise are also proposed, including the Rural Entrepreneurs and Micro-Enterprise Program, the Community Entrepreneurial Development Program, and the creation of Individual Homestead Accounts.

Together these policy recommendations address many of the primary marketing and development challenges facing independent farmers and the communities in which they live. Many of these initiatives highlight the amazing economic opportunities increasing consumer demand for healthy and sustainably-produced food and rapid advances in technology offer farmers and rural communities. The 2007 Farm Bill presents a new opportunity to renew our commitment to our nation's rural communities that must not be missed.

Highlighted Initiative: VALUE-ADDED PRODUCER GRANTS PROGRAM

Entrepreneurial agriculture has great potential to improve farm income, but farmers need the tools and skills that allow them to tap into the emerging markets. It is crucial that value-added agriculture receives increased support in the 2007 Farm Bill.

Mid-sized family farms and the farming communities they help support have been facing tough economic times for consecutive decades. Remaining on the land increasingly requires the ability to add value to basic agricultural products through branding, processing, product differentiation, labeling and certification, and skillful marketing. The Value-Added Producer Grants (VAPG) program helps improve farm income through new markets and value retention. Value-added products include those converted from raw products through processing and also those whose incremental value result from inherent product attributes such as geographical location, environmental stewardship, food quality, or functionality. Grants are awarded for feasibility studies as well as for working capital.

The VAPG program was slated in the 2002 Farm Bill to receive mandatory funding at \$40 million annually through 2007, though annual appropriations bills in 2004-2006 have unfortunately reduced program investments by \$70 million. The program has been able to fund less than 30 percent of eligible applications.

VAPG Improvements – The VAPG program should be reauthorized in the 2007 Farm Bill and provided with \$50 million annually in mandatory funding. In order to ensure the program’s social, economic and environmental benefits reach rural communities, the program’s objectives should be strengthened. The program should:

- Support a wide diversity of projects that increase the agricultural producer's share of the food system profit and help create self-employment opportunities in farming and local communities.
- Prioritize projects that strengthen the profitability and viability of small- and medium-sized farms and ranches and/or increase farming opportunities for beginning farmers and ranchers.
- Target projects that contribute to conserving and enhancing the quality of land, water and other natural resources and the rural environment.
- Support certification and labeling projects that foster independent family farms, environmental protection, humane animal treatment, place-based marketing, and improved health and nutrition.
- Direct special outreach and attention to states with little or low participation in the program to date.
- Set-aside a portion of total funding for grants to non-profit and educational organizations to provide technical assistance for grant proposals, especially in low participation areas.

Value Chain Development -- One of the most significant things the federal government can do to help family farms prosper is to provide seed money for the establishment of food value chains that aim to help mid-sized farms thrive through the marketing of differentiated products and that adhere to sound social and environmental principles and equitable business practices. Both the markets and the midsize producers who have the potential to supply these markets are in place. Needed now are the new business models and practices that will enable farmers, ranchers, and other food entrepreneurs to respond effectively to the new markets *and* to garner a more equitable share of the food dollars moving through the supply chains.

As a new part of the VAPG program, the 2007 Farm Bill should authorize a new component to provide competitive grants for value chain development. At least \$10 million a year out of the \$50 million a year we recommend for the VAPG overall should be set-aside for this purpose. Grants should be awarded to projects that are targeted to mid-sized farms and ranches, have substantial farmer and rancher participation, facilitate partnerships that involve businesses, coops, non-profits, agencies, and educational institutions and that articulate clear and transparent social, environmental, fair labor and fair trade standards. The overriding goal of the value chain grants, like the underlying VAPG program, should be to improve farmer profitability while benefiting the local rural economy, improving the environment, and meeting consumer demand.

-- Other Priority Initiatives --

National Organic Certification Cost Share Program

The 2007 Farm Bill should reauthorize the National Organic Certification Cost-Share Program and fund it at a level sufficient to fully service the growing organic sector, an amount currently estimated to be in the neighborhood of \$5 million a year. Assistance should continue to be capped at 75 percent of the cost of annual certification, but the maximum amount per farm should be updated from to \$750 per farm per year, consistent with increased average farmer certification costs caused by increased fees charged by USDA to certifying organizations.

National Organic Transition Support Program

The cost of organic conversion over a three-year period is perhaps the single greatest challenge facing producers. While there is an expectation these costs can be recouped after certification, producers must internalize these expenses until organic certification is achieved. To mitigate this market entry barrier, Congress should create an organic transition support program. The program would provide technical and financial assistance for the adoption of organic farming conservation systems and be administered by the NRCS. Funding should be available to farmers converting to certified organic production, those adding additional land or livestock that will be organic-certified, and those adding conservation enhancements on existing certified organic production. Payments per farm should be capped at \$10,000 per year with contracts not to exceed five years. The program should receive \$50 million a year in mandatory funding.

Farmers Market Promotion Program

USDA currently estimates annual consumer spending at farmers markets and other direct marketing venues at \$1 billion. This statistic reflects increasing consumer desire to support local farmers and ranchers, growing public concern about how food is grown and raised, and the rapidly expanding popularity of markets that bring together farmers and residents of both rural and urban communities.

The Farmer's Market Promotion Program (FMPP) was created in the 2002 Farm Bill to assist farmers and communities seeking to meet increased farmer and consumer demand for expanded direct marketing venues and options. Congress appropriated \$1 million to fund the program for the first time in fiscal year 2006. USDA's Agricultural Marketing Service (AMS), which administers the program, received 367 applications requesting more than \$19 million dollars for grants under the program, indicating a very high demand for the program. USDA recently awarded 20 grants in 17 states from the first year's allocation of funding.

Federal assistance to grow and promote direct marketing initiatives is a critical addition to the USDA's portfolio of programs serving small and mid-sized farms and ranches, rural communities, and consumers. The FMPP should be allocated \$20 million in annual mandatory funding, with language directing that the program foster the full range of direct marketing opportunities.

Other Direct Marketing and Institutional Marketing Programs

In conjunction with federal policies that promote sustainable farming, rural development, and environmental stewardship, programs that serve the public health and nutritional needs of our country's diverse population must play a crucial role in the 2007 Farm Bill. Important community-based healthy food and nutrition initiatives that should be improved and expanded in the 2007 Farm Bill include:

- The **Farmers Market Nutrition Program** to increase access by participants in the Women, Infants, and Children program to fresh, local produce.
- The **Seniors Farmers Market Nutrition Program** to improve seniors' access to local produce from farmers markets and community supported agriculture farms.
- **Farm to Cafeteria Projects** to enable schools and colleges to purchase food directly from local and regional farmers and to equip their facilities to handle local foods.
- **Community Food Projects** Competitive Grants Programs to increase the self-reliance of communities in meeting their food needs, improve access of low-income individuals to healthy local food, and create innovative marketing activities that benefit both local farmers and consumers.

Improved Safety Standards and Interstate Shipment of State Inspected Meat

There is an urgent need to reduce regulatory barriers impeding the development of local and regional markets for meat and other products. Current federal law prohibits the out-of-state sale of livestock and poultry products inspected by a state inspection agency. As a result, small producers and meat processors in states with state-inspected facilities who rely on those plants cannot use venues like the internet or mail order catalogs to make interstate sales and capture profits from expanding direct and niche markets.

The 2007 Farm Bill should include a comprehensive set of safety and inspection guidelines that combine current federal and local meat inspection regulatory frameworks into a single set of strong national product safety and accountability standards. These guidelines should include specific testing criteria for microbial contamination and effective enforcement measures for failure to meet these requirements. Pending the successful adoption of these standards, a provision eliminating the federal prohibition on interstate sales of meat and poultry products from state-inspected plants should be implemented.

Rural Entrepreneurs and Micro-Enterprise Program

Small-scale entrepreneurship is the one development strategy that consistently works for most rural communities. Currently most financial support for rural entrepreneurs comes from the Small Business Administration (SBA). However, SBA funds are fully subscribed and primarily operate in urban areas. The 2007 Farm Bill should create a Rural Entrepreneurs and Micro-Enterprise Program to provide grants to qualified organizations to assist them in developing training and services for Rural Micro-Enterprise programs. In addition, grants could be used by qualified organizations to provide micro-credit to qualifying rural entrepreneurs. A micro-enterprise would be defined in the program as a business that employs five or fewer individuals, requires \$35,000 or less in start-up capital, and does not have access to the commercial banking sector. Farm and food-related businesses would be eligible, but the program would target the full range of rural micro-businesses. The program should receive \$50 million a year in mandatory funding.

Community Entrepreneurial Development Program

The 2007 Farm Bill should create a \$75 million a year Community Entrepreneurial Development Program based on four pillars of rural economic and community development: entrepreneurship, local capital, youth and leadership. This program would offer grants to collaborating communities to establish regional initiatives for entrepreneurial development, including small business education and technical assistance, leadership development, youth attraction and retention, community-based philanthropy and intergenerational business transfer planning. A grant process should be established to provide grants on a competitive basis to two or more rural municipalities or counties that are collaborating on a project to advance the purposes of this program, with priority given to projects that best alleviate chronic economic distress. At least one of the collaborating municipalities or counties should have to show economic distress through high unemployment, low per capita income, or historic population loss.

Individual Homestead Accounts

As a result of rural economic and demographic challenges many rural families have difficult accumulating enough resources to invest in their futures. The wealth held by rural families tends to be concentrated in illiquid assets such as personal residences, farms and ranches, or other forms of real estate. Rural households and residents are less likely to hold liquid assets and have higher rates of “asset poverty” than do urban households and residents.

To support asset and wealth building in rural America, a provision creating Individual Homestead Accounts should be included in the 2007 Farm Bill. Like SBA Individual Development Accounts, the program would allow qualified participants to use a special savings account to save for an approved asset purchase or investment, or build personal savings for use during times of unexpected illness or personal hardship. Participants would be permitted to make deposits and receive matching funds in their accounts for up to five years, and the ratio of personal and federal contribution to the account would be determined by income criteria. Any individual who is a bona fide resident of a qualifying, high out-migration county would be allowed to create an IHA. The IHA program should be funded at \$250 million annually.

Part IV: Research and Extension

The nation's investments in agricultural research and extension profoundly affect the future of the food and farming system and the viability of rural America. Our vision of that future is a sustainable system that is profitable, environmentally sound, family farm-based and socially just. The 2007 Farm Bill Research Title provides an opportunity to shape agriculture and instill principles of fairness and balance into the research agenda. It is also an opportunity to provide resources to foster sustainable agriculture systems that can help re-establish diversity in a farm and food system that is increasingly concentrated on a narrowing base of crops and livestock breeds.

Congress created a new competitive research grants program -- the Initiative for Future Agriculture and Food Systems (IFAFS) -- in 1998 and increased its mandatory farm bill funding base in 2002. Despite widespread support for IFAFS and its excellent track record for supporting cutting edge applied research, dedicated funding for IFAFS was subsequently reduced and then eliminated, though Congress continues to designate a smaller pool of annual funding to projects which meet the research needs identified in IFAFS. IFAFS has provided critical research funding necessary to ensure that our farmers, ranchers, and rural communities have the information, tools and assistance needed to ensure long-term farm and food system sustainability. The next Farm Bill should enact a Farm, Food, and Rural Transitions Grant Program to take the place of IFAFS to address emerging challenges.

The creation of sustainable small businesses in rural communities, including agriculturally-based businesses, is the best alternative to fill a void left by the loss of manufacturing jobs and an historic reliance on economic activity based on natural resource extraction. While Extension programs should play an important role in facilitating the growth and success of entrepreneurship in rural communities, many other public and private organizations also provide leadership, technical assistance, and training to rural entrepreneurs. The next Farm Bill should create a Rural Entrepreneurship and Enterprise Facilitation Program to ensure collaboration and cooperation among these individual, local, state, and federal initiatives that is essential to increasing the number of rural entrepreneurial start-ups while simultaneously reducing the failure rates of small businesses.

While USDA outreach to minority farmers has improved in recent years, assistance still lags far behind. The Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Competitive Grants Program has never come close to reaching its authorized funding level, a shortcoming that should be rectified in the new farm bill.

The Research Title of the 2007 Farm Bill provides an opportunity to provide research resources to support and foster organic production systems, whose food and other products are steadily increasing their share of consumer markets. These systems can help restore balance to a U.S. food system that is increasingly concentrated and focused on a narrowing base of crops and livestock breeds. In addition, organic production systems tailored for local climate and soil regimes can restore greater diversity and quality to locally available foods. The nation's research agenda must help our nation's farmers and ranchers be able to fully participate in emerging markets for organic food and organic other agricultural products.

The nation's agriculture is at a critical juncture, with our capacity to conserve and further develop publicly available crop and livestock varieties and breeds seriously limited. Our public plant and animal breeding programs must be significantly increased to provide the diversity of plant and animal genetic resources needed to support emerging alternative production systems, as well as addressing the growing challenges of global climate change, increasing pest and pathogen pressure, food security, safety and resiliency concerns, and shifting consumer preferences. Our genetic resources are a public good that should be preserved both for our current needs and for future generations.

In addition to new programs and initiatives, achieving a sustainable agriculture and food system will require the retention of and increased funding for existing valuable programs, particularly the Sustainable Agriculture Research and Education program (SARE) and Appropriate Technology Transfer to Rural Areas (ATTRA), the flagship programs for sustainable agriculture at USDA.

Highlighted Initiative: **FARM, FOOD, AND RURAL TRANSITIONS COMPETITIVE GRANTS PROGRAM**

The 2007 Farm Bill should replace the Initiative for Future Agriculture and Food Systems with a new Farm, Food, and Rural Transitions Competitive Grants Program, with mandatory farm bill funding for integrated research, education and extension projects of no less than \$60 million per year. This funding level would be considerably less than provided for IFAFS by the 2002 Farm Bill, but about 50 percent more than the actual funding levels of recent years after accounting for limitations placed on the program through the annual agricultural appropriations bill.

The Transitions program would provide competitive grants for integrated, inter-disciplinary, outcome-based research to improve the competitiveness and viability of small and moderate-size family farms, enhance natural resource protection and ecological health, create new farm and food system approaches to improve public health, food safety, and human nutrition, and renew the health and vitality of rural communities. Congress should designate subprograms within the Transitions program, including:

- ***Agriculture of the Middle*** -- focused on the opportunities, and barriers facing medium-sized family farms in the development of efficient marketing networks, new food-supply chains, and the transition to diversified, high value food production with environmental and social attributes valued by consumers.
- ***New Farmers and Ranchers*** -- identifying and developing new research, education and extension models to expand farming opportunities for beginning farmers and ranchers.
- ***Agricultural and Rural Entrepreneurship*** -- developing local and regional food systems, value-adding enterprises, locally-owned renewable energy systems, and rural coops and small businesses.
- ***Public Plant and Animal Breeding and Genetic Conservation*** -- breeding for sustainable and organic systems and preserving and evaluating germplasm collections to maintain genetic diversity.
- ***Ecosystem Services*** -- meeting the need for agricultural ecological services and developing management models and measurement/evaluation tools for conservation programs and markets.
- ***Conservation Effectiveness*** -- improving the effectiveness of state and federal agricultural conservation programs and technical infrastructure, including on-farm research, education, and extension projects using farms or ranches that participate in agricultural conservation programs.
- ***Climate Change Mitigation*** -- investigating agricultural practices and systems that can mitigate climate change by reducing emissions or increasing carbon sequestration.
- ***Renewable Energy*** -- developing rigorous sustainability criteria for assessing agriculturally-based renewable energy options, policies, and production and marketing systems.
- ***Rural Development Strategies*** -- developing effective state and federal rural and agricultural development programs and projects involving rural organizations and rural entrepreneurs.
- ***Food System-Public Health Interactions*** -- exploring the full range of critical issues related to the health impacts of food production and marketing systems and evolving opportunities to improve public health through food and agricultural systems change.
- ***Local/Regional Food Systems*** -- investigating opportunities for and barriers to a local and regional food system renaissance that increases farm income and viability, strengthens communities, improves health and food access, reduces energy consumption, and enhances the environment.

-- Other Priority Initiatives --

Rural Entrepreneurship and Enterprise Facilitation Program

A new Rural Entrepreneurship and Enterprise Facilitation Program should be authorized in the 2007 Farm Bill, with at least \$20 million in annual mandatory funding. The Program should be overseen by the USDA's CSREES and jointly administered by and through the four Regional Rural Development Centers. The Rural Entrepreneurship and Enterprise Facilitation Program will provide resources and services to rural areas with the stated goal of creating jobs, spurring community innovation in all sectors of the rural economy, and increasing the start-up rate and reducing the failure rate of small businesses. The Program will establish a regional competitive grant process for projects to foster rural entrepreneurship. Oversight of the Program would be conducted through the regional administrative councils, thus ensuring the engagement of the broad spectrum of groups and institutions.

Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers

The 2007 Farm Bill should provide mandatory funding to bring the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Competitive Grants Program to its authorized level of \$25 million a year. In addition, the program should expand the allocation for the provision of technical services and training by community-based organizations to minority farmers in their area.

Organic Agriculture Research and Extension

Organic research programs should receive a fair share of USDA resources, one that reflects the growth and opportunities of the organic sector. USDA should increase the specific attention given to organic farming and ranching systems across the full range of federal agricultural research and extension programs, as well as create or expand programs explicitly targeted to organic agriculture.

Our specific proposals include:

- The 2007 Farm Bill should increase funding for the Integrated Organic Program (IOP) to at least \$15 million per year in mandatory funds. The program should be expanded beyond production research to include funding for marketing, policy, and economic research pertinent to the organic industry. The extension component of the IOP also should be refined and strengthened.
- A National Program for Organic Research should be developed within the Agricultural Research Service. The program should receive funding no less than \$25 million. ARS should increase dissemination of organic research results through the National Agriculture Library's Alternative Farming Systems Information Center (AFSIC) and the ATTRA program.
- The 2007 Farm Bill should reauthorize the Organic Production and Marketing Data Initiative and specifically provide that the Agricultural Marketing Service provide regular nationwide reporting of organic prices, the Economic Research Service (ERS) continue and accelerate the job of collecting data on the organic sector, including farm financial indicators and market trends, and the National Agriculture Statistics Service (NASS) conduct specific surveys for the organic sector

Public Plant and Animal Breeding Research

The 2007 Farm Bill should reauthorize the National Genetic Resource Program established in the 1990 Farm Bill and increase financial and personnel support for the collection, preservation, evaluation and public use of U.S. germplasm collections. The ARS plant and animal national programs should be directed to accelerate long-term research on plant and animal breeding, including the development of finished varieties. Classical breeding should become a priority area within the proposed Farm, Food, and Rural Transitions Program and within the National Research Initiative (NRI). Through both ARS and CSREES, funding should be provided for partnerships with non-profit organizations and farmers and ranchers with a goal of increasing publicly available seeds and animal germplasm for sustainable and organic production systems.

The full text of
No Time for Delay:
A Sustainable Agriculture Agenda for the 2007 Farm Bill

is available at <http://www.msawg.org>

or from:

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Also available on the web at <http://www.msawg.org> or from the SAC DC office are two page summary versions of the four major sections of the paper and updated information on the farm bill.