Sustainable Agriculture Coalition

Grassroots Guide to the 2008 Farm Bill

The Sustainable Agriculture Coalition's Grassroots Guide to the 2008 Farm Bill

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The Sustainable Agriculture Coalition (SAC) is an alliance of farm, food, conservation, and rural organizations that together take common positions on critical federal farm, food, environmental, and rural policy issues and support collective representation before Congress and federal administrative agencies. SAC advocates for federal policy reform supporting the long-term social, economic, and environmental sustainability of agriculture, natural resources, food systems, and rural communities. SAC has been involved in public education, consensus building, and policy development and advocacy since its founding in 1988.

Sustainable Agriculture Coalition member organizations include:

• Agriculture and Land- Based Training Association (ALBA) - Salinas, CA
• California FarmLink - Sebastopol, CA
• CASA del Llano (Communities Assuring a Sustainable Agriculture) – Hereford, TX
• Center for Rural Affairs – Lyons, NE
• Community Alliance with Family Farmers – Davis, CA
• Dakota Rural Action – Brookings, SD
• Delta Land and Community, Inc. – Almyra, AR
• Ecological Farming Association – Watsonville, CA
• Future Harvest/ Chesapeake Alliance for Sustainable Agriculture – Stevensville, MD
• Illinois Stewardship Alliance – Rochester, IL
• Institute for Agriculture and Trade Policy – Minneapolis, MN
• Iowa Environmental Council – Des Moines, IA
• Iowa Natural Heritage Foundation – Des Moines, IA
• Izaak Walton League – St. Paul, MN
• 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 Land Use Institute - Beulah, MI
• Michigan Integrated Food and Farming Systems – East Lansing, MI
• Midwest Organic and Sustainable Education Service- 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; Davis, CA
• 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
• Practical Farmers of Iowa – Ames, IA
• Rural Advancement Foundation International, USA – Pittsboro, NC
• Sierra Club Agriculture Committee – Nationwide
• Washington Sustainable Food and Farming Network – Mt. Vernon, WA
• Union of Concerned Scientists (Food and Environment Program) – Cambridge, MA; Washington, DC

Preface

The "Farm Bill," as the omnibus package of federal farm and food legislation is known, represents billions of dollars in government expenditures that set the farm, food, and rural policy goals and priorities for the United States. Congress passed the most recent version of the farm bill—the Food, Conservation, and Energy Act (H.R. 2419; Public Law 110-234)—on May 22, 2008, authorizing nearly $300 billion in direct, mandatory spending over the next five years, approximately two-thirds of which supports the food stamp and associated nutrition programs. The bill continues, with small modifications, the long history of agricultural commodity programs (food and feed grains, oilseeds, and cotton), while also providing increases in mandatory spending for conservation, renewable energy, fruit and vegetable production, and organic farming. Very modest funding is also provided for research and rural development.

Despite the farm bill's impressive price-tag, there is ample evidence that U.S. farm policy has not achieved its stated goals of fostering a family farm system of agriculture, ensuring that farmers receive a fair return in an unstable market, and conserving natural resources. This failure is apparent across America's agricultural landscape. The number of independent family farmers on the land has plummeted, as small farms and ranches have been forced out by high land prices. Obstacles are preventing the next generation from farming, with farmers over the age of 65 outnumbering those below the age of 35 by more than two to one. Agriculture is the leading source of pollution in the nation's rivers and lakes, and the U.S. is losing soil ten times faster than the natural replenishment rate, costing the nation billions of dollars each year in productivity loss. These failures threaten the very future of farming, rural communities, watersheds, and our fundamental ability to feed ourselves.

But these problems and trends are not inevitable. They are the direct result of policy choices that have encouraged concentration, short-term corporate profit, and production at any cost over long-term sustainability and health. Re-shaping policies so that they serve the needs of family farms, rural communities, and the environment is critical to rebalancing power and restoring the capacity of our agricultural system for self-renewal.

On behalf of a movement that includes grassroots sustainable farming organizations, family farmers, conservationists, rural advocates, and food activists, the Sustainable Agriculture Coalition has fought to re-shape federal farm policies for twenty years. SAC believes that strategic grassroots mobilization around federal farm policy reform is critical to attaining a future where family farms, rural communities, and the environment are healthy and resilient.

To this end, SAC has fought for and won new programs in every one of the last four farm bills that aim to restore balance and shift taxpayer support toward the public good: policies that encourage existing farmers to transition to organic and other sustainable methods, policies that remove obstacles to entering into an agricultural livelihood for the next generation of sustainable farmers, policies that expand conservation practices on land that is in agricultural production, and policies that promote healthy food systems and sustainable development.

The most recent farm bill demonstrates that SAC's ongoing fight is one that requires a long-term commitment. No single farm bill and no single policy change will solve all of our problems. But the policy wins secured by SAC members in the 2008 Farm Bill represent billions of dollars for land stewardship and hundreds of millions of dollars for new farmers, new markets, organic producers, rural entrepreneurship, and public research. Together, these wins represent significant strides in the right direction.

Securing new policies and programs in the farm bill is just the first step. SAC's legislative gains in the 2008 Farm Bill will not be realized without vigilant attention to the other critical phases of the policy-making cycle, including administrative implementation and annual appropriations. Most important is making sure that information about new Farm Bill programs gets out to farmers, ranchers, and community-based organizations so that they can benefit from them.

The *Sustainable Agriculture Coalition's Grassroots Guide to the 2008 Farm Bill* is a resource to help farmers, ranchers, rural entrepreneurs, conservationists, and rural and urban community-based organizations take advantage of what the Farm Bill programs have to offer. The *Grassroots Guide* is also a source of information for ongoing opportunities to participate in the policy-making process, so that the sustainable agriculture movement can continue to grow more powerful and have a voice in shaping better policies.

Contents

Introduction

The *Sustainable Agriculture Coalition's Grassroots Guide to the 2008 Farm Bill* walks you through each of thirty-four 2008 Farm Bill programs most important to sustainable agriculture, serving both as a "report from the trenches" of what survived the most recent farm bill fight, and as a guide to new policies and funding opportunities for farmers, ranchers, and grass-roots organizations.

The farm bill programs are clustered into seven chapters:

- *Conservation and Environment;*
- *Farming Opportunities;*
- *Local and Regional Food Systems and Rural Development;*
- *Organic Production;*
- *Sustainable and Organic Research;*
- *Renewable Energy;* and
- *Competitive Markets and Commodity Program Reform*.

Each program within each chapter follows the format: 1) the basic intent of the farm bill program, including eligibility requirements, 2) changes that the 2008 Farm Bill makes to the program if it was initially authorized in a previous bill, 3) legislative citations, 4) funding levels, 5) implementation information, and 6) the contact information for the respective administrative office within the U.S. Department of Agriculture.

This is not a digest of the entire farm bill. This *Guide* highlights the programs and policies that were Sustainable Agriculture Coalition priorities, most of which were included in our farm bill platform entitled *No Time for Delay: A Sustainable Agriculture Agenda for the 2007 Farm Bill* (available at *www.sustainableagriculturecoalition.org*). We have, however, included a few additional new farm bill programs where we think they may be of particular interest to sustainable agriculture organizations and their farmer and constituent members. Please also note that a number of SAC priority federal policies and programs are not included in this Guide because they were not amended by the 2008 Farm Bill or were not changed in any significant way.

As the first edition of the *Grassroots Guide* goes to press, the Administration has only just begin to issue rule-makings, program guidelines, and requests for proposals for the 2008 Farm Bill programs. That initial farm bill implementation process will continue well into 2009 and into the next Administration with its new political appointees. Therefore, the web-version of the *Grassroots Guide* available at *www.sustainableagriculturecoalition.org/publications* will be continually updated to reflect any changes or additional information as new rules and guidelines are posted. We encourage readers and users of the *Guide* to consult the electronic version to keep up with the latest information.

In addition to using this guide, stay tuned for a set of specialized farm bill guides slated for early- to mid-2009. Each of these supplemental guides will be more narrowly focused on specific issue areas in the farm bill, such as a handbook on programs supporting organic agriculture, local and regional food systems or a farmer participation manual for the Conservation Stewardship Program.

The 2008 Farm Bill contains many good programs that can scale up existing alternatives to agri-industrialism or be the seeds for sowing new sustainable agriculture systems and practices. While we celebrate our wins in the 2008 Farm Bill, SAC will continue to fight for deeper structural change in our farming and food system. SAC is committed to helping farmers, ranchers, and their organizations take advantage of good farm bill programs, while at the same time building the capacity of grassroots organizations to equip farmers, conservationists, rural advocates, and food activists with the tools they need to participate in the policy-making process and help win greater farm and food policy reform in the coming years.

The Sustainable Agriculture Advocate's Guide to Farm Bill Implementation and Appropriations

"We worked so hard to achieve important changes in the new Farm Bill. Now that the legislative fight is over, aren't we done?"

Many well-intentioned legislative campaigns make the fatal mistake of believing that winning something in Congress means that change is certain. In truth, there are three other parts to the policy-making process that are just as important as the hard work of getting a policy idea into law.

A major determination of whether a legislative intention succeeds rests on the nitty-gritty of program rules, requests for proposals, and agency implementation directives – all determined at the administrative level. This is referred to as the farm bill "implementation" phase.

Also important is the annual "appropriations" phase of the policy-making cycle, during which Congress has to renew the allocation of funding for all "discretionary" (suggested funding) programs that are authorized in the farm bill. Programs that are authorized as "mandatory" (technically required) funding in the farm bill, though theoretically protected with automatic funding for a certain amount each year, are also at risk of having their funding raided by appropriators to pay for other programs.

Finally, the fourth phase of the policy-making cycle and ultimate test of a program's success rests on whether farmers, ranchers, and grassroots organizations use it to accomplish the intended goals and objectives on the ground.

The Sustainable Agriculture Coalition and its members are involved in each of the four phases, but grassroots individuals also have an important role to play. The strength of SAC, its members, and the sustainable agriculture movement as a whole comes from grassroots participation in this process – commenting on program rules and agency implementation directives during the "implementation" phase; contacting Members of Congress during the "appropriations" phase; and following outcomes on the ground so that SAC, the USDA, and Congress know if and how certain farm bill programs are promoting the goals of sustainable agriculture.

Farm Bill Implementation

The implementation stage of the policy-making process is critical. At this step, after Congress has passed the Farm Bill into law, the federal agency responsible for administering the farm bill programs writes the rules for how these programs will be implemented on the ground. With the Farm Bill, the agency most often responsible for administering programs is the U.S. Department of Agriculture. SAC's legislative gains in the 2008 Farm Bill could come to naught without vigilant attention during this phase.

SAC's D.C.-based policy staff is responsible for regularly checking in with agency staff at the U.S. Department of Agriculture to track the implementation status of particular programs, share input on behalf of SAC members, and provide information back to its membership. Grassroots individuals also have a major role to play in commenting on rules.

Grassroots Advocacy Tip:

- Watch for proposed agency rules to be published in the Federal Register at www.gpoaccess.gov/fr/ or www.regulations.gov. Proposed rules and interim final rules are usually open for public comment for a specific period of time, often between 30-90 days. When proposed rules have been posted, SAC will let its members and the public know and SAC and its member groups will provide sample comments that grassroots individuals can use in formulating their own response. These can be submitted online at the Federal Register or Regulations.gov site, and in some cases also at the USDA site for that program.

  For more information about the implementation steps and timeline for a particular program, see "Implementation Basics" on each program summary. These will tell you if a program requires rule-writing and when proposed rules for farm bill programs are expected to be posted. Please also visit SAC's website at *www.sustainableagriculturecoalition.org* if you would like to receive the SAC *Weekly Update* online newsletter which will include timely notices of when action is needed to make citizen views known to USDA on key rulemakings.

  Also, for more in-depth information about the rulemaking and implementation stages for federal programs in general, the non-profit organization OMB Watch provides excellent background information at *www.ombwatch.org.*

Annual Appropriations

While rule-writing for newly authorized or reauthorized farm bill programs typically happens once for each relevant program in between farm bills, the appropriations or "funding phase" of the policy cycle happens each year. The budget process starts the first week of February when the White House puts out its recommendations to Congress about the next fiscal year – which programs should be funded at what levels. Congress passes its own budget by April 15 (though sometimes it is delayed) which does not have to abide by what the President proposed.

Starting in March, the appropriations subcommittees start to hold hearings on each agency's budget. During the late spring and summer months, the twelve appropriations subcommittees and then the full appropriations committee meet to hash out each of the appropriations bills. These are ultimately sent to the floor of both the full House and Senate for a vote. In years when a new appropriations bill is not agreed to, Congress then passes a "continuing resolution" to maintain spending at the previous fiscal year's amounts.

Appropriations account for about 40 percent of total federal spending each year; the balance of federal spending is in mandatory or direct spending programs, such as Social Security, Medicare, food stamps, and farm commodity programs, under the control of authorizing committees. In the case of the agriculture appropriations bill, it accounts for about 20 percent of the total spending at USDA. The primary reason for the lower than average figure for agriculture is the large size of food stamp and child nutrition programs relative to the whole USDA budget.

Appropriations bills sometimes adopt "changes in mandatory spending" – known colloquially on Capitol Hill as CHIMPS – that alter mandatory spending levels set by authorizing bills such as the farm bill. When this happens, the appropriations bill is limiting spending on administrative costs necessary to implement a program – but the end result is that funding that the farm bill designated as mandatory is decreased.

Once fairly unusual, the use of this technique has accelerated in recent years, to the extent that for the life of the 2002 Farm Bill over $5 billion worth of mandatory spending for conservation, rural development, research, and renewable energy programs was lost and the promise of the farm bill on those items was diminished or went unfulfilled. To date, there has never been a "chimp" related to commodity programs, crop insurance, or food stamps and nutrition.

Grassroots Advocacy Tip:

- It is important for your Congressional Representative and Senators to hear from you about why you think a particular farm bill program should funded in the following year's budget and appropriations bill, or more commonly during a budget deficit, which programs should not be cut. Communication about this can happen in several ways: 1) through a phone call to your Member's offices; 2) through an in-district meeting with your Representative or Senators or their staff; 3) a letter that is faxed to their office. These more personal interactions are often more compelling to your representative than a signed mass-email.

  The Sustainable Agriculture Coalition and its members circulate action alerts each year regarding the sustainable agriculture movement's priorities – which programs need extra help with phone calls, letters, and visits. If you would like to sign up to receive those alerts, visit *www.sustainableagriculturecoalition.org*

Farm Bill Outreach, Usage and Evaluation

In addition to ongoing vigilance at the administrative and legislative levels, it is equally critical that the word gets out about farm bill programs so that farmers, non-governmental organizations (NGOs), and communities across the country use them and access the hundreds of millions of dollars in federal resources SAC and others have secured. After a program is off the ground and operating, the federal agency in charge of administering a program will often perform a formal evaluation to measure whether or not the program is meeting its objectives. Individuals at the local level are important to this part of the process and can share their feedback about programs with grassroots organizations, national coalitions like SAC, or directly with Program Managers and other administrative officials at USDA.

Grassroots Advocacy Tip:

- Request for Proposal notices for competitive grants, as well sign-ups for farm bill programs are posted in the Federal Register *www.gpoaccess.gov/fr/, at www.grants.gov,* or at the website for a particular USDA agency. It is important that farmers, ranchers, and organizations know about these notices as soon as they are posted, so that they have time to gather together the necessary paperwork and application materials. Please visit SAC's website at *www.sustainable agriculturecoalition.org* if you would like to receive the *SAC Weekly Update* online newsletter which lists these Federal Register notices when they are posted.

State Technical Committee Network for Conservation Issues

The U.S. Department of Agriculture makes implementation decisions about key farm bill conservation programs with strong consideration of public input shared in State Technical Committees (STC). State Technical Committees are organized by the U.S. Department of Agriculture's Natural Resource Conservation Service in each state. They serve in an advisory capacity and do not have implementation or enforcement authority.

SAC led the successful 1996 Farm Bill campaign to allow NGOs and farmers to participate in STCs and the 2008 Farm Bill campaign to allow NGOs and farmers to participate in the Local Work Groups that implement conservation programs at the county and multi-county level.

As a way to share information and common approaches between member organizations and grassroots organizations who participate in their State Technical Committee, SAC has established a State Technical Committee (STC) Network. SAC's STC Network has been instrumental in previous years to lead multi-state efforts to secure EQIP and CSP ranking criteria, eligible practices, and payment rates favorable to sustainable agriculture systems. The STC Network also helped secure technical assistance and funding for farmers to transition to organic farming systems.

Grassroots Advocacy Tip:

- Contact your state NRCS agent (you can find them by state on the NRCS home page: *www.nrcs.usda.gov*) and tell them that you would like to participate on your State Technical Committee.
- Join SAC's State Technical Committee Network. Please contact the SAC office if you are interested at (202) 547-5754

Photo : Todd Elhers

Conservation and Environment

Privately-owned crop, pasture, and rangeland account for nearly half of the landmass in the U.S. Given the size of that land that is in agriculture, land that is a part of thousands of watersheds throughout the country, farmers and ranchers can have an enormous impact on our natural environment, for better or for worse. Farm policies that reward overproduction of vast monocultures with very limited conservation requirements have negatively impacted our soil, streams, lakes, and air. However, with a shift in the conditions and rewards, more agricultural producers can help protect and rebuild soil, provide clean water and habitat for native wildlife, sequester carbon, and supply other conservation and environmental benefits. Agriculture can work with and for the environment. It's all a matter of policy choices.

Since the passage of the 1985 Farm Bill, conservation requirements and assistance programs have played an ever-increasing role in each succeeding farm bill. From conservation compliance requirements and the Conservation Reserve Program in 1985, to the Wetlands Reserve Program, Water Quality Incentives Program, and Integrated Farm Management Program in 1990, to the Environmental Quality Incentives Program, Wildlife Habitat Incentive Program, and Farmland Protection Program in 1996, and Conservation Security Program in 2002, there now exists a very substantial set of program authorities and mandatory funding allocations for the conservation title of the farm bill.

The 2008 Farm Bill continues along this trajectory by offering new conservation initiatives and nearly $4 billion in increased funding for conservation programs that will benefit both farmers and the environment over the next five years. In recognition of the fact that an increasing number of landowners participating in the Conservation Reserve Program are not re-enrolling in the program as their 10-year contracts come up for renewal, Congress reduced the acreage cap for the land retirement program to 32 million acres. The money saved as a result of moving to the more realistic acreage cap was shifted over to expand other conservation programs.

Expanded funding and programmatic changes are made to both of the country's primary working-land conservation programs: the ***Conservation Stewardship Program*** (CSP) and ***Environmental Quality Incentives Program*** (EQIP). By the end of this farm bill cycle in 2012, the working lands conservation programs will be receiving well over 50 percent of total farm bill conservation funding, a dramatic shift from the pre-2002 Farm Bill era when land retirement represented nearly 90 percent of total funding. SAC again took the lead on the CSP, fighting successfully to streamline the program, expand funding, and re-enforce its high environmental standards, while bringing greater coordination between CSP and EQIP.

The new farm bill also reserves a very significant portion of each year's funding for CSP, EQIP, and the *Wildlife Habitat Incentives Program* for innovative projects at the state and local level through the ***Cooperative Conservation Partnership Initiative***, another SAC priority.

As Congress set out to reauthorize the farm bill, future funding for the ***Wetlands Reserve Program*** and the *Grasslands Reserve Program* was completely expired. The new farm bill does renew funding for those two programs, though unfortunately the WRP funding level was somewhat less than a full renewal at the previous level.

The largest conservation program in dollar terms remains the land retirement ***Conservation Reserve Program***. Even though the total, cumulative CRP acreage cap was scaled back some in the new Farm Bill, there will still be plenty of room for farmers and landowners to continue to enroll conservation buffers in the *Continuous Conservation Reserve Program* or the *Conservation Reserve Enhancement Program*.

Conservation Stewardship Program

Program Basics

The Conservation Stewardship Program (CSP) is a comprehensive working lands conservation program designed to protect and improve natural resources and the environment for generations to come. CSP provides technical and financial assistance to farmers and ranchers to actively manage and maintain existing conservation systems and to implement additional conservation activities on land in agricultural production. CSP targets funding to:

- Address particular resources of concern in a given watershed or region;
- Assist farmers and ranchers to improve soil, water, and air quality;
- Provide increased biodiversity and wildlife and pollinator habitat;
- Sequester carbon to mitigate climate change; and
- Conserve water and energy.

The 2008 Farm Bill authorizes a new nationwide, continuous sign-up for CSP which means farmers and ranchers anywhere in the country will be able to apply for CSP any year and at any time of the year. Periodically during the year, USDA's Natural Resources Conservation Service (NRCS) – the agency that administers CSP – will rank applications and then develop contracts with those farmers and ranchers with the highest rankings until funding for that ranking period is completely allocated.

The new farm bill provides sufficient funding for the program to enroll nearly 13 million acres each year. CSP acreage eligible for enrollment will be allocated to each state based primarily on the amount of agricultural land in that state relative to the national total.

2008 Farm Bill Changes

The original 2002 Conservation <u>Security</u> Program will continue for all farmers and ranchers who enrolled in the program between 2004 and 2008; these producers will continue to receive their payments as scheduled. However, once all of those contracts expire in the coming years, the old CSP program will be over. Beginning in 2009, farmers and ranchers will have the opportunity to enroll in the new Conservation <u>Stewardship</u> Program.

Under the old 2002-enacted program, only a limited number of watersheds in each state were eligible for the program in any given year. Sign-up was limited to a several week long period during just one point in the year. Producers could choose to enroll in one of three tiers of participation, each with their own special, progressively more challenging requirements and each with a different payment limit. At the top two tiers, there was a choice of a 5 or 10 year contract. Moreover, rather than ranking proposals, all producers who achieved certain specified results could be enrolled in the program. As implemented by NRCS, the producer primarily enrolled based on existing conservation activities and achievements, with a limited number of new conservation measures included, but major new conservation practices had to be added through a special contract modification procedure in later years.

All of these features have been eliminated in the new 2008-enacted program. The new CSP is now available on a nationwide, continuous sign-up basis. Priorities will still be set by watershed, but all watersheds will be eligible each and every year. The program has been streamlined by eliminating the tiered structure and going to a universal 5-year contract term and single $40,000 payment limitation. Enrollment is also streamlined by eliminating the need for most later-year contract modifications. Instead, new conservation activities are scheduled and planned for in the original contract.

Many aspects of the new CSP remain the same as the original program, however, including the overall "green payments" philosophy of the program, the dual reward structure for existing and new conservation effort, the focus on comprehensive planning, the emphasis on continual improvement, the higher resource and environmental standards required relative to other federal working lands conservation programs, and the innovative use of resource-specific indices to measure and compensate for environmental benefits and ecosystem services.

Section 2301 of the Food, Conservation, and Energy Act of 2008 amends Chapter 2 of Subtitle D of Title XII of the Food Security Act of 1985 to create the new Conservation Stewardship Program, to be codified at 16 U.S.C. Section 3838d.

Key Aspects of the New CSP

Eligible Land – Private agricultural land, including cropland, pasture, and rangeland, is eligible to be enrolled in CSP with the exception of land currently enrolled in the Conservation Reserve, Wetland Reserve, or Grassland Reserve Programs (CRP, WRP, and GRP). In addition, land that has not been cropped for four of the six years prior to 2008 but is then put under crop cultivation is ineligible unless: 1) it was previously enrolled in the CRP; 2) the land was managed under a long-term crop rotation; or 3) is an incidental portion of the land.

Eligible land includes all the acres of an agricultural operation under the effective control of a producer, regardless of whether or not it is contiguous, and regardless of whether it is owned or rented. Farmers and ranchers must enroll all of the acres that they operate.

Eligibility to Apply – NRCS (in consultation with State Technical Committees) will establish up to 5 priority resources of concern for each watershed or region in the country. To qualify for the program farmers and ranchers must:

- meet the "stewardship threshold" (a standard that NRCS will set for improving the long-term sustainability of a natural resource) for one priority resource concern at the time of the contract offer; and
- at a minimum, meet or exceed the stewardship threshold for at least one additional priority resource concern by the end of the 5-year contract period.

Based on NRCS requirements under the old CSP, applicants for the new CSP will very likely need to provide a minimum of two years of written records or documentation to support their current conservation system. Applicants will be required to certify in writing the accuracy of their conservation benchmark inventory, and that two years of written records or documentation are available and are being used for the management of their conservation system.

Ranking Criteria – NRCS will periodically rank all proposals it receives and fund proposals, starting from the top-ranked proposals, until all funding is allocated. The ranking system is essentially based on how far farmers and ranchers have already gone, and how much further they are willing to go, to address natural resource concerns. The primary ranking factors are:

1. The extent of the baseline level of conservation on the ground at the time of enrollment.
2. The degree to which the proposed new conservation activities address the priority resources and improve conservation outcomes over baseline levels;
3. The total number of priority resource concerns that are addressed to meet or exceed the stewardship threshold level;
4. The extent to which other natural resource concerns, in addition to those identified as priority resource concerns, are addressed to a level that will improve and conserve them by the end of the contract period; and
5. The extent to which the environmental benefits from the contract are provided at the least cost relative to other similarly beneficial contracts.

The "least cost" ranking provision rewards cost-effective conservation, but does not allow producers to improve their bids by accepting lower payments than would otherwise be available for their conservation activities. This favors low cost sustainable practices over more costly, high-tech solutions and does not allow wealthier farms to "bid down" in order to rank higher than farmers of more modest means.

Payments – CSP payments compensate the producer for improving, maintaining and actively managing conservation activities in place at the time of the application and for adopting new conservation activities during the contract term. Payment amounts will be determined by the following factors:

- Costs incurred by the farmer or rancher for the planning, design, materials, installation, labor, management, maintenance or training;

- Income forgone by the farmer or rancher;
- Expected environmental benefits the conservation activities will provide (as determined by conservation measurement tools).

Farmers who are willing to adopt resource-conserving crop rotations that include cover crops, forages, green manures, catch crops, and the like will be eligible to receive additional supplemental payments. Optional payments are also available for the cost of participation in special CSP on-farm research, demonstration, and pilot testing of alternative conservation activities.

Payments are capped at $40,000 per year. All payments will be attributed to the real persons who are the ultimate beneficiaries, even if payments are made to legal business entities such as partnerships, subchapter C corporations, LLCs, etc.

On a nationwide basis, payments (including the costs of technical assistance) will average about $18 an acre. However, the range of per acre payment amounts will vary greatly, from lower cost rangeland improvement contracts to mid-range pasture contracts to higher range cropland contracts.

Annual payments will be made after the start of each federal fiscal year on October 1. Payments for maintaining and actively managing existing conservation activities will begin in the fiscal year following enrollment. Payments and payment adjustments for newly implemented activities will be made once implementation of those activities occurs.

Working with EQIP – Farmers who do not rank high enough to get into CSP the first time they submit an application can resubmit for the very next ranking date and try again. In some cases it may be beneficial to the producer to apply to the other major farm bill working lands conservation program – the Environmental Quality Incentives Program (EQIP) – to receive payment for fixing a particular conservation problem which in turn might then better qualify the producer for CSP. Under the terms of the new farm bill, producers may also apply for EQIP funding to assist in the development of comprehensive conservation plans, which in turn may assist in becoming a high ranking CSP candidate.

Contracts – If an applicant has been accepted through the ranking process, they immediately become eligible for technical assistance to finalize CSP conservation plans and get ready to implement any new conservation activities. All CSP contracts are 5 years, with the option to renew for additional five-year terms so long as the farmer or rancher has complied with the terms of the preceding contract and is willing to adopt additional conservation activities or solve additional resource concerns as part of the new contract. Farmers or ranchers will work with their office of USDA's Natural Resource Conservation Service (NRCS) to outline their existing conservation activities and the new activities they plan to add to their operation over the course of the contract.

Conservation Plans – Farmers and ranchers have the option of receiving technical and financial assistance for the development of a comprehensive conservation plan. Also, as noted above, comprehensive conservation planning should now also be available for payment under the Environmental Quality Incentives Program, meaning that farmers could develop the plan with EQIP assistance and then the following year use the plan as part of the application for CSP.

Organic Farming – Many organic farmers will benefit enormously from the supplemental payment provision for resource-conserving crop rotations as well as from the emphasis in the ranking criteria on comprehensive resource and environmental farming systems. The new CSP also requires USDA to take specific steps to ensure the program will work for and benefit organic farming and ranching systems. USDA is now required to provide appropriate outreach and technical assistance to organic farmers and ranchers so that they will participate in CSP. USDA is also required to create a transparent process that will allow organic farmers and ranchers to coordinate the organic certification process with their participation in CSP, including coordination of organic plans and CSP conservation plans.

Funding

The 2008 Farm Bill increased mandatory funding for CSP by a total of $1.3 billion over the next decade. When added to the existing budget carried over from the 2002 Farm Bill, CSP now has a 10-year funding budget of over $12 billion. In addition, the new farm bill evened out some of the existing funding, making more of it available during the 5-year term of the new farm bill than would otherwise have been the case.

Based on the terms of the new program and the funding provided, the Congressional Budget Office estimates that nearly 13 million acres a year can be enrolled. Each year an additional 13 million acres can be added, such that by the end of 2012, when the next farm bill is due to be rewritten, there could be over 50 million acres in CSP and by the end of 10 years, even if Congress does not add more money in the next farm bill, there would be about 120 million acres in the new program.

Conservation Stewardship Program (CSP) Funding	
2008	$381 M
2009	$579 M
2010	$895 M
2011	$1,028 M
2012	$1,152 M
5 yr cost	$4,035 M
10 yr cost	$12,148 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

USDA will draft rules and regulations that will ultimately govern the program implementation. Those draft rules will then open for public comment. According to the tentative schedule, a proposed rule will be issued in Fall 2008 and an interim final rule by January 2009. The program would then become available to farmers and ranchers in the winter of 2009 under the terms of the interim final rule and additional program guidance being developed by NRCS. Sometime after the first year's enrollment, the interim final rule could be revised and be issued as a final rule. Both the proposed rule, should there be one, and the interim final rule will be open for public comment. With the benefit of those comments, plus the experience of the first year or two operating the new program, NRCS should be in a position to make necessary improvements and finalize the rule.

USDA Contact Information and Online Resources

The USDA website for the Conservation Security Program: *www.nrcs.usda.gov/programs/csp/*

A new page for the Conservation Stewardship Program is under development. When it is ready, you will be able to access it from *www.nrcs.usda.gov/programs/.*

Access your state NRCS office here:
www.nrcs.usda.gov/about/organization/regions.html#state

As the CSP rule and guidance material becomes available, farmers and ranchers will want to watch for a new version of the CSP Applicant and Land Eligibility Self-Assessment form as well as the resource-specific indices, such as the Soil and Water Quality Assessment Tool or the Rangeland Health Assessment Tool, which will likely be used to help rank proposals and determine payment rates. This material should be available electronically from the national and state NRCS websites and from your local NRCS office.

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Environmental Quality Incentives Program

Program Basics

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program, administered by USDA's Natural Resources Conservation Service (NRCS), in which farmers and ranchers implement conservation practices on agricultural working land in return for financial cost-share assistance and technical assistance. The length of an EQIP contract may be from one to ten years, with most EQIP contracts running for two or three years.

Many specific features of EQIP are determined by NRCS State Conservationists with advice from local working groups and State Technical Committees. The program is competitive, with farmers submitting applications for EQIP contracts that are ranked based on criteria developed by both the NRCS National Headquarters and NRCS State Conservationists. The ranking criteria vary from state to state.

Most types of agricultural land and operations are eligible for EQIP. Sixty percent of total EQIP funding is set aside for livestock producers at the national level, and some states also reserve funds for particular types of operations or particular resource concerns.

The 2008 Farm Bill includes a new emphasis within EQIP to support conversion to organic farming systems, which we cover separately in this *Guide* under the heading Organic Conversion Assistance (see page 86).

A brief summary of key aspects of the EQIP program, in addition to the 2008 changes described immediately below, is included at the end of this EQIP section.

2008 Farm Bill Changes

EQIP was established in the 1996 Farm Bill and revised in the 2002 and 2008 Farm Bills. The basic EQIP framework was maintained in the 2008 Farm Bill, but numerous changes were made to the program.

New Purposes – The 2008 Farm Bill amended the purposes of EQIP to include forest management as an activity that may be funded by EQIP. The bill also clarifies that organic production systems are also a legitimate EQIP purpose.

Energy Conservation – Energy conservation practices are added to the list of practices that can be funded by EQIP, bringing EQIP into alignment with the Conservation Security (now Stewardship) Program (see page 12) on that issue.

Conservation Planning – A new provision adds the development of conservation plans, including comprehensive nutrient management plans and total resource management system conservation plans, as an eligible EQIP activity for which farmers can receive payments. This activity can be funded as a stand alone activity or in conjunction with a broader EQIP project. It can also be used by farmers to undertake the advanced conservation planning which may be needed for the farmers to be eligible for participation in the Conservation Stewardship Program.

Another new provision requires that USDA consider a farm plan developed in order to acquire a permit under a water quality or air quality regulatory program to be the same as an EQIP plan of operations, if USDA determines the plan contains all the elements required under EQIP for a plan of operations.

Water Conservation – A new provision requires that producers who receive EQIP payments for water conservation or irrigation efficiency practices agree not to use the associated water savings to bring new land under irrigated production, other than incidental land needed for efficient operations. This provision is intended to ensure that the water saved is retained in or returned to the source. There is an exception, however, for producers participating in a watershed-wide project that as a whole will effectively conserve water, as determined by USDA, even if the individual farm is not returning the water savings to the source.

Ranking – The Farm Bill modifies the ranking criteria for EQIP applications by adding priorities for projects which *comprehensively* address resource issues, for instance through development of a full-fledged resource management system, and for projects that complete a conservation system.

To the extent practical, similar crop and livestock applications are now to be grouped for evaluation purposes. Many NRCS State Conservationists had already administratively created funding pools that grouped together applications projects involving Concentrated Animal Feeding Operations (CAFOs). The new provision is intended to expand this concept to other types of applications. For instance, sustainable grazing management proposals could be grouped and evaluated separately, as could organic conversion proposals, specialty crop IPM proposals, or biomass energy proposals, etc.

The new Farm Bill maintains a provision that prohibits prioritization based on an applicant's willingness to underbid the cost-share level offered by NRCS for similar contracts. The new Farm Bill also clarifies the priority for selecting applications based on the level of cost-effectiveness to ensure that the conservation practices and approaches selected are the most efficient means of achieving the anticipated environmental benefits.

Payments – The cost-share payment provision is modified by the 2008 Farm Bill. Payments related to the cost of planning, installing and managing practices are still generally limited to up to 75 percent of practice costs, but the new bill also provides for payments to account for 100 percent of any income that may be foregone by the farmer as a result of practice installation. Under an administrative change that is consistent with the new payment definition, payments for EQIP and all other federal working lands conservation programs will no longer be paid on the basis of receipts for work and materials. Instead, farmers will now know at the time they enroll in the program the exact payment rates for each practice.

Beginning, limited resources or socially-disadvantaged farmers or ranchers are eligible for cost-share rates 25 percent above the applicable rate that otherwise applies, and up to 90 percent of the practice costs. In other words, if the regular cost-share rate is 50 percent, the beginning, limited resource or minority farmer will be paid at the 75 percent rate. If the regular rate is 75 percent, they would be paid at the 90 percent rate. The new Farm Bill provision also directs USDA to make advance payments of up to 30 percent of the practice costs for these farmers to help cover costs of equipment and contracting. In addition, 5 percent of EQIP funding is to be made available in a separate funding pool to beginning farmers and ranchers and another 5 percent is to be made available in a separate funding pool to socially disadvantaged farmers and ranchers.

Payment Limitation – The per farm limits on EQIP payments are amended by the 2008 Farm Bill. In the 2002 Farm Bill, payments were not subject to annual limits but were capped at $450,000 per individual or entity directly or indirectly, during any six-year period. The 2008 Farm Bill limits EQIP payments in the aggregate to $300,000 per person or legal entity, directly or indirectly, during any 6-year period, except that USDA may raise that limit to $450,000 for projects of "special environmental significance."

Organic Conversion – The 2008 Farm Bill has a new provision for payments for conservation practices related to organic production and the transition to organic production. This new EQIP provision for organic producers is described in detail in a separate section of this Farm Bill Guide (see page 86).

Conservation Innovation Grants

EQIP also includes a Conservation Innovation Grant (CIG) subprogram that funds innovative conservation projects. This subprogram was first authorized in the 2002 Farm Bill. The 2008 Farm Bill adds forest management as an activity eligible for the CIG program. Projects that involve specialty crop producers or that use innovative technologies and cost-effective methods to address air quality problems are also now expressly included in the program. A 50 percent cap on the federal share of CIG project costs has now been removed.

The total funding level for all CIG purposes is left to the discretion of USDA. However, the 2008 Farm Bill sets aside $37.5 million of EQIP funds annually from FY 2009 through FY 2012 ($150 million in total) specifically for CIG projects that address air quality. The Managers' Statement directs the funding to projects that help producers comply with federal, state or local air quality problems, including air pollution from mobile and stationary equipment such as irrigation water pump engines.

Agricultural Water Enhancement Program

The Farm Bill renames the EQIP Ground and Surface Water Conservation Program as the Agricultural Water Enhancement Program and expands the purpose from a focus solely on water conservation to also include water quality problems on agricultural land.

This revamped program is provided $280 million in mandatory funding for FY2009 through FY2012. In addition to entering into contracts with individual farmers under this program, the USDA can contract with partners including producer associations, state or local governments and Indian tribes to address water quality and quantity problems on a regional basis.

Title II, Subtitle F (Sections 2501-2510) of the Food, Conservation, and Energy Act of 2008 amends Sections 1240A-1240I of the Food Security Act of 1985, to be codified at 16 U.S.C. Sections 3839aa-3839aa-9.

Key Aspects of the EQIP Program

Purposes of EQIP – EQIP is intended to provide environmental benefits by:

- assisting producers in complying with local, state, and national regulatory requirements concerning soil, air and water quality, wildlife habitat, and surface and ground water conservation;
- helping producers avoid the need for resource and regulatory programs to the maximum extend practicable;
- providing flexible assistance to producers to install and maintain conservation practices; and
- assisting producers to make beneficial, cost effective changes to land and resource management activities.

Eligible Land – Eligible land is land on which agricultural commodities, livestock or forest-related products are produced, including cropland, grassland, rangeland, pasture land, non-industrial private forest land, cropped woodland, marshes, and agricultural land used for the production of livestock, where there are resource concerns that can be addressed by EQIP.

Ranking Criteria for EQIP Applications – The priorities for selecting EQIP applications for participation in the program include:

- the overall level of cost-effectiveness to ensure that the conservation practices and approaches proposed are the most efficient means of achieving the anticipated environmental benefits of the project;
- how effectively and comprehensively the project addresses the designated resource concerns;
- how best the application would fulfill the EQIP purposes; and
- whether the EQIP participant would improve conservation practices or systems in place on the operation at the time the contract offer is accepted or will complete a conservation system.

EQIP Payment Provisions – Generally EQIP payments may be for up to 75 percent of the cost to the farmer or rancher in planning, design, materials, equipment, installation, labor, management, maintenance, or training. In addition, a farmer or rancher can also receive a payment for 100 percent of income forgone.

If the participant is a limited resource, socially disadvantaged, or a beginning farmer or rancher, the payment level will be increased to not more than 90 percent of the costs and not less than 25 percent above the payment available to farmers and ranchers not in these categories. Farmers and ranchers in these categories may also be provided up to 30 percent of the cost-share payment in advance to purchase materials or enter contracts for assistance or other purposes.

Farmers and ranchers can receive assistance from other sources including a state agency, private organization or another person to implement one or more practices on the EQIP acreage without the EQIP payment being lowered. But a farmer or rancher cannot receive payments or other benefits for the same practice on the same land under other USDA conservation programs.

Requirements for Agricultural Producers in EQIP Contracts – In return for EQIP payments and technical assistance, the farmer or rancher enters into a contract with USDA that requires that the farmer or rancher to carry out an EQIP program plan. This EQIP plan is a plan of operations that covers the specific conservation practices that will be implemented and any terms or conditions that USDA considers necessary to carry out EQIP, including the purposes to be met by implementing the plan. If the EQIP contract is for a confined livestock feeding operation, the plan of operations must provide for the development and implementation of a comprehensive nutrient management plan. For EQIP contracts on forest land, the plan of operation must be consistent with the purposes of a forest management plan approved by USDA.

Funding

The 2008 Farm Bill provides mandatory funding for EQIP of $7.325 billion for FY 2008-2012, a significant increase over the $4.92 billion provided by the 2002 Farm Bill for FY 2002-2007.

Environmental Quality Incentives Program (EQIP) Funding	
2008	$1,200 M
2009	$1,337 M
2010	$1,450 M
2011	$1,588 M
2012	$1,750 M
5 year cost	$7,325 M
10 yr cost	$16,075 M

This funding level includes money for the Conservation Innovation Grants subprogram but not the money for the Agricultural Water Enhancement subprogram. AWEP is funded as follows:

Agricultural Water Enhancement Program (AWEP) Funding	
2008	$60 M
2009	$73 M
2010	$73 M
2011	$74 M
2012	$60 M
5 year cost	$340 M
10 yr cost	$640 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

USDA is drafting an Interim Final Regulation to implement the 2008 Farm Bill changes to EQIP. The rule will likely be issued and become effective in the Fall of 2008, along with a notice for a public comment period on the Interim Final Rule before a Final Rule is issued.

Annual EQIP sign-up and application information for your state is available from your state NRCS office. You can reach the EQIP application webpage for your state by clicking on your state from the map at: *www.nrcs.usda.gov/programs/eqip/EQIP_signup/2008_EQIP_Signup/index.html.*

USDA Contact Information and Online Resources

The USDA website for the Environmental Quality Incentives Program is *www.nrcs.usda.gov/programs/eqip/*

EQIP Program Contact: Edward Brzostek, EQIP Specialist, *ed.brzostek@usda.gov*, 202-720-1834

Access your state NRCS State Conservationist office at this website:
www.nrcs.usda.gov/about/organization/regions.html#state

Cooperative Conservation Partnership Initiative

Program Basics

The Cooperative Conservation Partnership Initiative (CCPI) supports special local and regional conservation projects that involve groups of farmers or ranchers in partnership with USDA, farm, conservation and other non-governmental organizations, state and tribal agencies, and/or other entities. To implement the Initiative, the 2008 Farm Bill directs USDA to reserve 6 percent of the total funds or total acres, for each of the fiscal years 2009 through 2012, from the Conservation Stewardship Program (CSP), the Environmental Quality Incentives Program (EQIP) and the Wildlife Habitat Incentive Program (WHIP). This translates into over $100 million a year being available for special cooperative conservation projects.

The CCPI ensures specific attention to state and local conservation priorities and concerns, with 90 percent of the funds and acres reserved for projects chosen by the Natural Resources Conservation Service (NRCS) State Conservationist, in consultation with the NRCS State Technical Committees. The USDA Secretary is directed to use the remaining 10 percent of the funding for multi-state CCPI projects selected through a national competitive process. Project partnership agreements with USDA can run for up to 5 years.

[Special note for readers who have followed this initiative previously: In 2004 through 2006, USDA's Natural Resources Conservation Service did offer planning grants, but not actual implementation grants, to conservation partnerships, originally calling them Partnerships and Cooperation planning grants and then in 2006 renaming it the Cooperative Conservation Partnership Initiative and making both planning grants and grants for Rapid Watershed Assessments. Shifting gears again, in 2007, NRCS issued a request for proposals still called CCPI but restricted solely to Rapid Watershed Assessments through a national competition.]

The CCPI is authorized by Section 2707 of the 2008 Farm Bill, which amends Section 1243 of the Food Security of 1985 and changes the Initiative's name from the 2002 Farm Bill 's "Partnerships and Cooperation" to the Cooperative Conservation Partnership Initiative. The amended CCPI is to be codified at 16 U.S.C. Section 3843. Other provisions of 16 U.S.C. Section 3843 are deleted or transferred as amended to be codified at 16 U.S.C. Section 3844.

2008 Farm Bill Changes

The 2002 Farm Bill authorized USDA to use funding from all the farm bill conservation programs to implement a "Partnerships and Cooperation" initiative, the precursor to CCPI. Unfortunately, the 2002 program was discretionary and USDA chose not to implement it. In the 2008 Farm Bill, therefore, Congress makes CCPI mandatory so that now USDA must implement the initiative.

While the 2002 Farm Bill's Partnerships and Cooperation initiative included all conservation programs as possible funding sources, the new CCPI limits the funding sources to the CSP, EQIP, and WHIP.

Key Aspects of the New CCPI

Partnership Purposes – The CCPI funds projects with the following purposes:

- Addressing conservation priorities on a local, state, multi-state or regional level;
- Encouraging producers to cooperate in meeting applicable federal, state and local regulatory requirements;
- Encouraging producers to cooperate in the installation and maintenance of conservation practices that affect multiple operations; or
- Promoting the development and demonstration of innovative conservation practices and methods for delivering conservation services, including those for specialty crop and organic producers.

Eligible Applicants – Farmers and ranchers may enter into partnerships which include one or more of the following:

- States and local governments;
- Indian tribes;
- Producer associations;
- Farmer cooperatives;
- Institutions of higher education; or
- Nongovernmental organizations.

Required Information for Applications – A CCPI partnership agreement must include:

- Description of the conservation objectives to be achieved;
- Expected level of participation by agricultural producers in the area to be covered;
- Partnership to be developed;
- Amount of farm bill conservation funding requested;
- Amount of non-Federal contributions (in cash or in kind) that will be brought to the table; and
- Plan for monitoring, evaluating, and reporting on progress made towards achieving the objectives.

Priorities for Project Selection – NRCS will give priority to applications that:

- Have a high percentage of agricultural producers involved;
- Significantly leverage non-Federal financial and technical resources and coordinate with other local, State, or Federal efforts;
- Deliver high percentages of applied conservation; or
- Provide innovation in conservation methods and delivery, including outcome-based performance measures and methods.

Technical and Financial Assistance – NRCS is directed to provide appropriate technical and financial assistance to producers participating in the project in an amount determined to be necessary to achieve the project objectives.

NRCS will ensure that basic rules for conservation programs apply, such as rules governing appeals, payment limitations, and conservation compliance. Beyond those basic rules, special partnership projects may apply for, and NRCS may approve, adjustments to the CSP, EQIP, or WHIP program practices, specifications or payment rates to:

- Better reflect unique local circumstances and purposes; and
- Provide preferential enrollment to producers who are eligible for the applicable program and who are participating in a CCPI partnership project.

CCPI projects may include funding and programmatic aspects from multiple eligible programs, for instance, CSP and WHIP or EQIP and CSP. It is also possible in a given location that a CCPI special project might dovetail with a Conservation Reserve Enhancement Program (CREP) or Wetlands Reserve Enhancement Program (WREP) project, such that the land retirement aspect of a project comes via the CREP or WREP and the working lands aspect of the project comes through the CCPI.

Funding

The 2008 Farm Bill directs the USDA Secretary to reserve 6 percent of the funding for EQIP and WHIP and 6 percent of the acreage for CSP in each fiscal year from 2009 through 2012 for implementation of the CCPI. Any funding or acreage that is not used for special CCPI projects will revert back to the regular program at the half-way point of each fiscal year (April 1).

Of the total amount available each year, 90 percent is reserved for state level projects, with funding decisions to be made by the State NRCS Office with input from the State Technical Committee. As mentioned above, USDA is also directed to use its discretion in making the CCPI flexible enough to meet local circumstances and to allow preferential enrollment of farmers and ranchers who are involved with CCPI projects. Adjoining states could also get together on projects where the watershed or eco-region targeted crosses state boundaries.

The other 10 percent will be awarded by NRCS headquarters in Washington, D.C. and will likely be reserved either for larger, multi-state regional projects or for projects addressing one or more priorities of the national office.

Cooperative Conservation Partnership Initiative Funding[1]	
2009	$99 M
2010	$106 M
2011	$114 M
2012	$124 M
5 year cost	$443 M

Implementation Basics

USDA has not officially announced if it will be implementing the CCPI with a regulation or with less formal and rigid program guidance and directives to NRCS State Conservationists. Since it is not a separate program, but rather an initiative, they could establish general guidance to State offices on developing a competitive grant process. If USDA does nonetheless choose to implement the Initiative by regulation, a proposed rule will likely be issued sometime in late 2008.

In either event, the State NRCS offices and the State Technical Committees will have a major role to play in developing requests for proposals and a process for evaluating proposals and making awards.

Example of a CCPI Special Project

The Statement of the Managers in the 2008 Farm Bill Conference Report provided the following example of a possible CCPI partnership project:

> A cannery has closed and, without a cannery, nearby orchards are going out of business. A local watershed council joins with partners such as a State university, a wildlife organization and an organic growers' cooperative. They develop a project proposal to improve water quality and wildlife habitat by working with interested local producers to transition their orchards to organic grass-based cattle operations. The project assigns various tasks to the organizational partners. The watershed council takes the lead in submitting a CCPI application to the NRCS State Conservationist to designate $10,000,000 in EQIP funds and $250,000 in WHIP funds to the project. The State Conservationist approves the projects and sets aside the approved funding for producers participating in the project. Producers participating in the project and meeting program qualifications apply for and are enrolled in EQIP and WHIP without having to go through individual program ranking processes.

USDA Contact Information and Online Resources

The USDA website for the Cooperative Conservation Partnership Initiative is *www.nrcs.usda.gov/programs/ccpi/.*

Access your state NRCS office here: *www.nrcs.usda.gov/about/organization/regions.html#state*

A new National Program Manager for CCPI has not yet been named. Information about this will be posted on the web-version of the guide as it is made available. The current National Program Manager is Gus Jordan, *gus.jordan@usda.gov*, 202-690-2621.

[1]For purposes of estimating the value of CCPI funding each year, we have approximated and monetized the value of the CSP acreage reserved for CCPI projects, and then combined that sum with the EQIP and WHIP dollars that will be available. Also note that CCPI funding is reserved for CCPI special projects for the first 6 months of each fiscal year. If there are insufficient partnership awards, remaining funds will be returned to the general pool of dollars (or acres in the case of CSP) available for the underlying program.

Wetlands Reserve Program

Program Basics

Under the Wetlands Reserve Program (WRP), USDA purchases long-term or permanent easements to restore, protect and enhance wetland values and functions on eligible wetland that has been in agricultural production. The program is competitive, with landowners submitting bids to USDA for enrollment. USDA may also enter into restoration cost-share agreements and provide technical assistance to WRP participants. Through FY 2007, nearly 2 million acres of restored wetlands were enrolled in the WRP. USDA's Natural Resources Conservation Service (NRCS) administers the WRP.

2008 Farm Bill Changes

The Farm Bill raises the total acreage cap for the WRP from 2.275 million acres to 3.041 million acres through FY 2012. A new provision is included for 30-year WRP contracts, equivalent in value to a 30-year easement or restoration cost-share agreement, on land owned by Indian Tribes. With some exceptions, the Farm Bill prohibits the enrollment of land whose ownership has changed during the previous seven years if the acquisition was for the purpose of enrolling the land in the WRP.

The following additional factors now influence the USDA's evaluation of landowner offers for enrollment in the WRP:

- the conservation benefits of the offer;
- the cost-effectiveness of the easement or other interest in order to maximize the environmental benefits per dollar expended; and
- whether the landowner or another person is offering to contribute financially to the cost of the easement.

The farm bill retains the requirement that total WRP and Conservation Reserve Program acreage not exceed 25 percent of a county's farmland acreage, and a requirement that land enrolled in the WRP under easements not exceed 10 percent of a county's farmland acreage. Under a new provision, however, CRP land that is enrolled through the Continuous CRP or the Conservation Reserve Enhancement Program is exempted from this 25 percent acreage cap.

The 2008 Farm Bill also amends the appraisal process. Under the 2002 Farm Bill, landowners sometimes lost compensation for easements because of a stipulation that required USDA to subtract the fair market value of the land as a WRP easement from the fair market value of the land before WRP enrollment. The 2008 Farm Bill eliminates that stipulation and states that easement payments are not to exceed the lowest of: (1) the fair market value of the land, as determined by USDA using appraisal or area wide market analysis or survey; (2) a geographical payment cap as determined by USDA; or (3) an offer made by the landowner.

The 2008 Farm Bill also amends the payment terms for payments over $500,000, which are to be paid in 5 to 30 annual installments unless USDA grants a waiver to allow a lump-sum payment if it would further the purposes of the WRP. For easements of $500,000 or less, the easement payment will continue to be paid in a lump sum or in not more than 30 annual payments, at the option of the landowner. Landowners have generally chosen lump sum payments. The Farm Bill also limits the total cost-share payments to $50,000 annually to an individual or legal entity, directly or indirectly.

The new farm bill also has legislative authorization for the *Wetlands Reserve Enhancement Program* (WREP), which USDA launched using administrative authority in 2004. Under the WREP, states, non-governmental organizations, or Indian Tribes may partner with USDA on the selection and funding of WREP contracts for projects that meet the requirements of the WRP. The WREP includes a pilot program under which landowners are allowed to retain grazing rights if the grazing activity is consistent with long-term wetland protection and enhancement goals for which the easement was established.

The 2008 Farm Bill amended the eligible land requirements by expanding the WRP to include cropland or grassland that was used in agricultural production prior to flooding from the "natural overflow of a closed basin lake or pothole" together with adjacent land that is functionally dependent on the cropland or grassland. This provision is aimed at Devils Lake in the prairie pothole region of North Dakota.

Finally, the 2008 Farm Bill now requires USDA to submit a report to Congress by January 1, 2010 on implications of the long-term nature of conservation easements. USDA is also required to conduct a survey during FY 2008 and each subsequent fiscal year to determine the interest and funding allocations to enroll land in the Prairie Pothole region in the WRP. USDA is also required to adjust WRP allocations to interested states based on the previous fiscal year's survey.

Title II, Subtitle C (Sections 2201-2210) of the Food, Conservation, and Energy Act of 2008 amends Section 1237 of the Food Security Act of 1985, to be codified at 16 U.S.C. Section 3837.

Key Aspects of the WRP

Eligible Land – The land must be private or tribal land that is farmed wetland or converted wetland, together with adjacent lands that are functionally dependent on the wetlands. However, converted wetlands that did not commence conversion prior to December 23, 1985, are not eligible. Cropland or grassland that was used for agricultural production prior to flooding from the natural overflow of a closed basin lake or pothole together with adjacent land that is functionally dependent on the cropland or grassland is also eligible for WRP enrollment.

USDA may also choose to include farmed wetlands and adjoining lands enrolled in the Conservation Reserve Program with high wetland functions and values, if the land is likely to return to production after the CRP contract expires. CRP land that contains timber stands or pasture land established to trees, however, is not eligible for WRP easements.

Land that has changed ownership under the previous 7 years is not eligible for a WRP easement, unless the ownership was acquired by will or succession as a result of the death of the previous owner; occurred because of foreclosure and immediately before foreclosure the mortgage holder sought a right of redemption; or the USDA determines that the land was acquired under circumstances that give adequate assurances the land was not acquired for the purpose of placing it in the WRP.

In addition, total enrollment in WRP and the Conservation Reserve Program (other than land enrolled through the CCRP or CREP) may not exceed 25 percent of a county's farmland acreage, and total enrollment in the WRP alone may not exceed 10 percent of a county's farmland acreage. If a county reaches either of these acreage limitations, no more land in the county is eligible for enrollment in the WRP.

Enrollment Options – Landowners may offer to enter into permanent easements or easements of the maximum duration allowed under state law, 30-year easements, or shorter term wetland restoration cost-share agreements or any combination of these enrollment options.

Enrollment options for acreage owned by Indian Tribes include 30-year contracts, the value of which is the same as a 30-year easement, restoration cost-share agreements, or a combination of these two options.

Determining Compensation for Enrollment Offers – In determining the payment for a WRP conservation easement the Secretary shall pay the lowest of:

- the fair market value of the land, as determined by USDA, using the Uniform Standards of Professional Appraisal Practices;
- an area wide market analysis or survey;
- the amount corresponding to a geographical cap, as determined by USDA in regulations; or
- an offer made by the landowner.

Ranking Criteria for Accepting Enrollment Offers – USDA is required to give priority to obtaining permanent conservation easements before shorter term conservation easements and to place a priority on easements with the highest value for protecting and enhancing habitat for migratory birds and other wildlife.

In evaluating offers for WRP enrollment, USDA may give higher priority to offers that:

- provide higher conservation benefits;
- maximize the environmental benefits per dollar expended; and

- leverage landowner or third party financial contributions to the cost of the easement or other interest in land.

USDA may also choose to consider the extent to which the purposes of the program would be achieved, the agricultural productivity of the land being offered, and the on-farm and off-farm threats to the environment if the land is used to produce agricultural commodities.

Payment Provisions – For easements valued at $500,000 or less, easement payments may be provided in lump sum or in not more than 30 annual installments. For easements valued at more than $500,000, easement payments may be made in 5 to 30 annual installments, unless the USDA determines that a lump sum payment for the easement would further the purposes of the WRP. Presumably any offers that are accepted into the program would further the purposes of the program.

Restoration cost-share agreement payments made to a person or legal entity, directly or indirectly, may not exceed $50,000 per year.

If USDA enters into a WRP restoration cost-share agreement, in the case of a permanent easement, USDA pays at least 75 percent but not more than 100 percent of the eligible costs. For a 30-year easement or other restoration cost-share agreements, USDA pays at least 50 percent but not more than 75 percent of the total eligible cost. USDA is also required to provide landowners with technical assistance in complying with the terms of easements and restoration cost-share agreements.

Landowner Duties in WRP Agreements – In return for WRP easement payments, landowners agree to grant an easement, implement a wetland easement conservation plan, create and record a proper deed restriction in accordance with state law, and provide written consent from those holding a security interest in the land. The landowner must also agree to the permanent retirement of any existing cropland base and allotment history for the land under any program administered by the USDA.

The wetland easement conservation plan requires that the landowner carry out a number of activities to restore wetland functions and values to the land. The WRP agreement may allow compatible economic uses on the land, including hunting and fishing, managed timber harvest, or periodic haying and grazing, if the use is specifically permitted by the plan and consistent with the long-term protection and enhancement of the wetland resources for which the easement was established.

Funding

The 2008 Farm Bill caps the WRP at 3.014 million acres through FY 2012. The annual enrollment goal for the WRP is cut from 250,000 to 185,000 acres. To continue to fund the WRP at a sufficient level to enroll 250,000 acres per year, Congress would have needed to provide $1.9 billion over the next five years, but instead it opted to fund the WRP at $1.3 billion over that period of time. However, some additional WRP funding authority is carried over from the last farm bill cycle, sufficient to bring the total for 2008-2012 to $1.9 billion.

Wetlands Reserve Program (WRP) Funding	
2008	$574 M
2009	$464 M
2010	$308 M
2011	$300 M
2012	$290 M
5 year cost	$1,936 M
10 yr cost	$1,936 M

Based on the Congressional Budget Office's estimation of how many landowners will enroll each year and at what price.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

USDA's Natural Resources Conservation Service (NRCS) administers the program.

USDA is drafting an Interim Final Regulation to implement the 2008 Farm Bill changes to the WRP. The rule will likely be issued and become effective in the fall of 2008, along with a notice for a public comment period on the Interim Final Rule. A Final Rule could follow in 2009 or later.

USDA Contact Information and Online Resources

The USDA website for the Wetlands Reserve Program is *www.nrcs.usda.gov/Programs/WRP/*.

Access your state NRCS office at this website: *www.nrcs.usda.gov/about/organization/regions.html#state*.

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Conservation Reserve Program

Program Basics

The primary purposes of the Conservation Reserve Program (CRP) are to conserve and improve the soil, water, and wildlife resources by temporarily removing land from agricultural production. Under the CRP general sign-up provision, USDA offers annual rental payments and cost-share assistance to farmers to establish long-term conserving cover, primarily grasses and trees, on land that has been in row crop production. USDA periodically holds general sign-ups, and land is bid into the program on a competitive basis, with ranking based on environmental benefits and cost.

The CRP also has a continuous signup provision, the CCRP (sometimes referred to as the CRP buffer initiative), which provides payments to farmers to establish riparian buffers, grass waterways, contour grass strips, and other specific partial field conservation practices on land in agricultural production. Farmers and landowners may enroll land on which those partial field practices will be adopted at any time, hence the term "continuous" sign-up.

In addition, USDA may enter into a Conservation Reserve Enhancement Program (CREP) agreement with a state, under which the state provides funding, in addition to the federal CRP funding, to pay farmers to address targeted conservation issues within the state.

All CRP contracts between USDA and agricultural landowners are for 10 to 15 years, with the longer agreements for land planted to trees. The USDA Farm Service Agency (FSA) administers the CRP, with the Natural Resources Conservation Service (NRCS) providing technical land eligibility determinations, conservation planning and practice implementation. State forestry agencies also provide some technical support.

As of April 2008, total CRP enrollment was 34.7 million acres.

2008 Farm Bill Changes

The total CRP acreage cap was lowered from 39.2 million acres through 2009 as provided in the 2002 Farm Bill to 32 million acres for 2010 through 2012. There are no acreage limits imposed on the CCRP or the CREP program components within the overall 32 million acres. Based on predictions about renewal rates on general sign-up contracts that expire in the coming years, it expected that there will be no constraints on CCRP or CREP sign-ups within the new 32 million acre cap.

Generally, no more than 25 percent of a county's cropland can enroll in the CRP and WRP. The 2008 Farm Bill includes new authority for the USDA Secretary to waive this cropland limit, if the county agrees, in order to enroll cropland in the CCRP or CREP. In addition, the Managers' Statement for the Farm Bill directs USDA to update rental rates and use incentive payments for all CCRP practices to make the program more competitive and more economically viable for producers.

The Farm Bill modifies the land eligibility requirements by:

- including highly erodible cropland cropped in four out of six years prior to 2008;
- providing that alfalfa and other multi-year grasses and legumes in a rotation practice, approved by USDA, are agricultural commodities making the land eligible for CRP enrollment;
- clarifying that alfalfa grown in approved rotation practice can be considered an agricultural commodity and can be used to fulfill the requirement that eligible land be cropped in four out of six previous years.

The 2008 Farm Bill includes a new "local preference" criterion among the ranking criteria for bids to enroll in the CRP. This measure gives priority to an offer from a landowner or operator who is a resident of the county, or a contiguous county, provided that the land offered for enrollment has at least equivalent conservation benefits to land as competing offers from non-local landowners.

The 2008 Farm Bill amends provisions which allow certain commercial uses of CRP land with a reduction in the CRP rental payment:

- Managed harvesting, including harvesting of biomass, is permitted on CRP acreage subject to vegetation management and timing requirements;
- Routine grazing, or prescribed grazing for the control of invasive species, is permitted with appropriate vegetative management;
- Installation of wind turbines is permitted subject to vegetative and wildlife management requirements; and
- Dryland crop production and grazing are allowed on CREP acreage where the CREP is intended to address declining water resources.

The Managers' Statement to the Farm Bill directs USDA to review the rules for routine grazing and to consult with NRCS State Technical Committees to develop site-specific management plans for grazing. The Managers also direct USDA to allow limited grazing of adjacent field buffers enrolled in the CRP while crop residue is gleaned from an adjacent field not enrolled in the CRP, without a reduction in the CRP rental payment for the field buffer.

The new bill also provides $100 million in cost-share payments from fiscal years 2009-2012 for the thinning of trees, windbreaks, shelterbelts, and wildlife corridors to improve resources on the land.

The 2008 Farm Bill adds a new requirement that USDA conduct an annual survey of county average dryland and irrigated cash rental rates for pasture and cropland in all counties of a state with 20,000 acres or more of cropland or pastureland. USDA must post estimates of county rental rates from the survey on the USDA website.

The 2008 Farm Bill also expands the purposes of the CRP to include issues raised by state, regional and national conservation initiatives, including State Wildlife Action Plans, the National Fish Habitat Action Plan, and the North American Waterfowl Management Plan.

The farm bill also adds a new transition option for the transfer of CRP land from retiring farmers or ranchers to beginning farmers and ranchers and socially disadvantaged farmers and ranchers. This CRP transition option is described in greater detail in a separate section of this *Farm Bill Guide* (see page 56).

Note also that Section 15301 of Title XV of the Farm Bill amends the Internal Revenue Code Section 1402(a)(1) to exclude CRP payments from self-employment income for purposes of the Self-Employment Contributions Act tax for persons who are receiving Social Security retirement or disability benefits, effective for CRP payments made after December 31, 2007.

The CRP was reauthorized by Sections 2101-2111 of the 2008 Farm Bill, which amends Section 1231 of the Food Security Act of 1985. The CRP is codified at 16 U.S.C. Section 3831.

Key Aspects of the CRP

CRP General Sign-Up

Farmers can apply for CRP general sign-up enrollment only during designated sign-up periods. USDA accepts land into the CRP based on a competitive bidding process. For information on upcoming general sign-ups, farmers should contact their local FSA office. No general sign-ups are expected in 2009.

Eligible Producers – To be eligible for CRP enrollment, a producer must have owned or operated the land for at least 12 months prior to close of the CRP sign-up period, unless:

- The new owner acquired the land due to the previous owner's death;
- The ownership change occurred due to foreclosure where the owner exercised a timely right or redemption in accordance with state law; or
- The circumstances of the acquisition present adequate assurance to FSA that the new owner did not acquire the land for the purpose of placing it in CRP.

Eligible Land – To be eligible for placement in CRP, land must be either:

- Cropland (including field margins) that is planted or considered planted to an agricultural commodity 4 of the previous 6 crop years from 2002 to 2007, and that is physically and legally capable of being planted in a normal manner to an agricultural commodity; or

- Certain marginal pastureland that is enrolled in the Water Bank Program or suitable for use as a riparian buffer or for similar water quality purposes.

Ranking CRP Land Enrollment Offers – Offers for CRP contracts are ranked according to the Environmental Benefits Index (EBI). FSA collects data for each of the EBI factors based on the relative environmental benefits for the land offered. Each eligible offer is ranked in comparison to all other offers and selections made from that ranking. FSA currently uses the following EBI factors to assess the environmental benefits for the land offered:

- Wildlife habitat benefits resulting from covers on contract acreage;
- Water quality benefits from reduced erosion, runoff, and leaching;
- On-farm benefits from reduced erosion;
- Benefits that will likely endure beyond the contract period;
- Air quality benefits from reduced wind erosion; and
- Cost.

General CRP Contracts – CRP contracts generally require farmers to establish and maintain the conservation practices specified in the contract for ten years. For conservation practices such as tree planting that may require more time, the contracts run for 15 years.

CRP Payments – Farm Service Agency (FSA) provides CRP participants with annual rental payments, including certain incentive payments, and cost-share assistance:

- Rental Payments: FSA bases rental rates on the relative productivity of the soils within each county and the average dryland cash rent or cash-rent equivalent. The maximum CRP rental rate for each offer is calculated in advance of enrollment. Producers may offer land at that rate or offer a lower rental rate to increase the likelihood that their offer will be accepted.
- Maintenance Incentive Payments: CRP annual rental payments may include an additional amount up to $5 per acre per year as an incentive to perform certain maintenance obligations.
- Cost-share Assistance: FSA provides cost-share assistance to participants who establish approved cover on eligible cropland. The cost-share assistance cannot exceed 50 percent of the participants' costs in establishing approved practices.

Continuous CRP (CCRP) Sign-Up

Farmers may apply to their local FSA office for enrollment in the CCRP at any time. Offers that meet eligibility requirements are automatically accepted and are not subject to competitive bidding. The CCRP allows farmers to enroll partial fields, or occasionally whole fields, in conjunction with working agricultural land.

Eligible Producers and Land – Eligibility is the same as for regular CRP, except that land within an Environmental Protection Agency (EPA)-designated public wellhead area may also be eligible for enrollment on a continuous basis.

Eligible Practices – The CCRP pays farmers to implement conservation practices that improve the conservation performance of agricultural working land. Currently, these practices include:

- riparian buffers
- wildlife habitat buffers
- wetland buffers
- filter strips
- wetland restoration
- grass waterways
- shelterbelts
- living snow fences
- contour grass strips
- salt tolerant vegetation
- shallow water areas for wildlife

CCRP Payments – In addition to cost share assistance to establish practices and annual rental payments, FSA provides certain CCRP continuous sign-up participants with special incentives, including a bonus of up to 20 percent on rental rates for windbreaks, filter strips, grass waterways, and riparian buffers, a 10 percent rental rate bonus for land located in EPA-designated wellhead protection areas, and upfront sign-up bonus of $100 per acre and 40 percent bonus on cost share assistance for some but not all eligible CCRP practices. It is possible FSA will extend the bonus payments to additional practices, in keeping with the Statement of the Managers of the 2008 Farm Bill.

State Acres for Wildlife Enhancement – In January 2008, USDA launched a new administrative initiative as a continuous CRP practice called State Acres for Wildlife Enhancement (SAFE). Under SAFE, projects are developed to benefit threatened, endangered and other high-priority species. Unlike CREP (see below), the SAFE initiative does not require an agreement between USDA and a state but does generally involve state or tribal agencies and conservation groups working with USDA to develop projects. But like the CREP, SAFE projects are limited geographically. Farmers should contact their local FSA office for information about SAFE projects in their locality. Farmers enroll land under SAFE project contracts with similar terms to CCRP contracts.

Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program (CREP) is based on partnership agreements between the USDA and state or tribal governments and may also involve non-governmental organizations that provide funding or conservation services. CREP agreements address high-priority conservation issues of both local and national significance, such as impacts to water supplies or loss of critical habitat for threatened and endangered wildlife species or fish populations. Each CREP has its geographic limitations, acreage cap, and specified conservation practices. Generally farmers who meet the eligibility requirements of a particular CREP can enroll any time until the acreage requirements of the CREP have been met.

Eligible Land – CREP agreements are limited to specific geographic areas and to farmland where specific conservation practices are suitable to dealing with the conservation issues identified in the CRP. Farmers should contact their local county FSA office to determine if land in their state and county is involved in a CREP.

CREP Payments – Like regular CRP, CREP contracts are from 10 to 15 years. CREP participants receive the federal annual rental payment, maintenance incentive payment, and up to 50 percent cost-share. In addition, a CREP generally includes a sign-up incentive for participants to install specific practices. State and tribal governments and non-governmental organizations may also provide additional payments. For example, many states offer to pay for permanent easements on riparian or wetland buffers or other practices or environmentally sensitive land of specific relevance to the particular CREP project.

Funding

The 2008 Farm Bill requires lowering the CRP total acreage cap from the 39.2 million acres authorized in the 2002 Farm Bill to a total of 32 million acres starting on October 1, 2009. The Congressional Budget Office estimated the revised cost of the CRP as shown in the chart below.

Conservation Reserve Program (CRP) Funding	
2008	$1,931 M
2009	$1,878 M
2010	$1,895 M
2011	$1,895 M
2012	$2,063 M
5 year cost	$9,662 M
10 yr cost	$20,852 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

USDA is currently drafting an Interim Final Rule to implement the 2008 Farm Bill changes to the CRP. Farmers and landowners may continue to place eligible land into the CCRP. States may continue to make proposals to FSA for new CREP projects.

Farmers and landowners with land in the CRP whose contracts are expiring in coming years will likely be given options to automatically renew those contracts if they are of high environmental value. Farmers and landowners with whole fields or whole farms in CRP who are exiting the program have the option to retain conservation buffers in the program through the CCRP. For those putting land back into production, options are available under the Conservation Stewardship Program, Environmental Quality Incentives Program, and Grasslands Reserve Program to retain many conservation benefits while resuming agricultural activities.

USDA Contact Information and Online Resources

The FSA website for the Conservation Reserve Program is *www.fsa.usda.gov* and click on Conservation Programs.

To find your local office, visit FSA's Web site: *http://offices.sc.egov.usda.gov/locatorapp?state=us&agency=fsa.*

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Photo : Zoe Bradbury

Farming Opportunities

The future health and vitality of agriculture, the food system, and rural communities depends on the successful entry of all who want to pursue a farming livelihood. Over the next two decades an estimated 400 million acres of U.S. agricultural land will be passed on to heirs or sold when farmers 65 and older retire (currently one-third of all farmland owners are retirement age). While there is a growing number of young people and new immigrants who want to enter into farming, they face a myriad of challenges such as the rising cost of farmland, a critical shortage of training, and lack of financing.

Fortunately, the 2008 Farm Bill makes a greater investment in beginning farmers and ranchers than ever before, making it more likely that aspiring farmers will have the tools and financial resources they need to get a start on the land. The Sustainable Agriculture Coalition successfully established or expanded each of its program goals to advance opportunities for beginning farmers and ranchers. SAC also worked closely with the Rural Coalition and members of the Diversity Initiative of the Farm and Food Policy Project to increase support for socially disadvantaged producers.

The new farm bill successes include expanded funding for the ***Beginning Farmer and Rancher Development Program*** which will provide grants to entities that offer training, mentoring, and land-link opportunities for new farmers. SAC supported the work of its colleagues the Rural Coalition and Diversity Initiative who won a significant increase in funding for the ***Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers*** (also known as the "Section 2501 Program"), which provides grants to land-grant institutions and community-based organizations who provide training and assistance for minority farmers and ranchers. New language was added to the ***Risk Management Education Program*** so that there is a special emphasis on grants for risk management education projects aimed at assisting beginning and socially disadvantaged farmers and ranchers; funding was held constant.

The 2008 Farm Bill increased ***Direct Credit Loan Limits*** and increased ***Direct and Guaranteed Loan Set-Asides*** for beginning farmers. The ***Beginning Farmer and Rancher Down Payment Loan Program*** was vastly improved through lower interest rates and expanded farm sales price eligibility. Down Payment loans are now available to socially disadvantaged farmers and ranchers even if they are not beginning farmers. A pilot program from the 2002 Farm Bill, ***Beginning and Socially Disadvantaged Farmer and Rancher Contract Land Sales Program***, was turned into a nationwide, permanent program to assist in the transfer of farms from retiring farmers to new farmers. The new farm bill also establishes the ***Beginning Farmer and Rancher Individual Development Account Pilot Program*** in 15 states.

Finally, on the conservation front, the 2008 Farm Bill includes revised authority for ***Conservation Loans***, with a special emphasis on beginning and socially disadvantaged farmers, a new land-purchase or land-lease transfer program, the ***CRP Transition Option for Beginning and Socially Disadvantaged Farmers and Ranchers***, and ***Conservation Funding Set Asides and Payment Incentives for Beginning and Socially Disadvantaged Farmers and Ranchers*** to improve access and participation in conservation programs by beginning and socially disadvantage producers.

Beginning Farmer and Rancher Development Program

Program Basics

The Beginning Farmer and Rancher Development Program (BFRDP) is a competitive grant program administered by the Cooperative State Education and Extension Service (CSREES) that funds education, extension, outreach, and technical assistance initiatives directed at helping beginning farmers and ranchers.

While the BFRDP was first authorized in the 2002 Farm Bill, it never received funding during the annual appropriations process. With the 2008 Farm Bill, the BFRDP now has mandatory funding to operate as an annual competitive grant program.

The BFRDP is targeted especially to collaborative local, state, and regionally based networks and partnerships to support financial and entrepreneurial training, mentoring, and apprenticeship programs, as well as "land link" programs that connect retiring farmers with new farmers; innovative farm transfer and transition practices; and education, outreach, and curriculum development activities to assist beginning farmers and ranchers. Topics may also include production practices, conservation planning, risk management education, diversification and marketing strategies, environmental compliance, credit management, and so on.

Applicants for the BFRDP must be collaborative state, tribal, local, or regionally-based networks or partnerships of public and private groups. Networks or partnerships may include community-based organizations, non-governmental organizations, cooperative extension, relevant USDA and state agencies, and community colleges. These networks or partnerships in turn use the BFRDP funding to provide the training and assistance to beginning farmers and ranchers.

The BFRDP sets aside 25 percent of the yearly funds for projects serving limited resource and socially disadvantaged farmers and ranchers, including minority, immigrant, and women farmers and ranchers, as well as farmworkers desiring to become farm owners.

BFRDP grants have a term of 3 years and cannot exceed $250,000 a year. Eligible recipients can receive consecutive grants and must provide a cash or in-kind contribution match that is equal to 25 percent of the grant funds provided.

Funded projects can serve farmers who are not beginning farmers, provided that the primary purpose of the project is fostering beginning farmer opportunities.

2008 Farm Bill Changes

The 2008 Farm Bill provides the Beginning Farmer and Rancher Development Program with first-time mandatory funding of $75 million, with an additional $30 million a year authorized for appropriations. The 2008 Farm Bill also makes the following changes:

- Evaluation criteria for grants made under BFRDP are now specified as including: relevancy; technical merit; achievability; the expertise and track record of one or more applicants; the adequacy of plans for a participatory evaluation process; outcome-based reporting; and communicating findings and results beyond the target audience.
- The Secretary of Agriculture is encouraged to ensure that BFRDP grant recipients are geographically diverse.
- Priority for making grants is now given to partnerships and collaborations that are led by or include non-governmental and community-based organizations with expertise in new agricultural producer training and outreach.

The Statement of the Managers in the Farm Bill Conference Report encourages USDA to include asset-based farming opportunity strategies within BFRDP funding. It also encourages CSREES to appoint project review panels that include individuals with expertise in delivering beginning farmer and rancher programs.

Section 7410 of the Food, Conservation, and Energy Act of 2008 amends Section 7405 of the Farm Security and Rural Investment Act of 2000, to be codified at 7 U.S.C. Section 3319f.

Funding

The 2008 Farm Bill authorizes $75 million in mandatory funding for the Beginning Farmer and Rancher Development Program, allocated in the following way:

Beginning Farmer and Rancher Development Program (BFRDP) Funding	
2008	$0
2009	$18m
2010	$19m
2011	$19m
2012	$19m

The 2008 Farm Bill also provides an authorization for up to an additional $30 million a year for the program, over and above the mandatory funding, should Congress decide at some point that the program requires additional resources and votes to provide those resources through the annual agriculture appropriations bill.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

As an annual competitive grants program, a Request for Proposal (RFP) will be issued each year for the BFRDP by USDA's Cooperative State Research Education and Extension Service through the Federal Register. The RFP will contain guidelines for how the program will be administered and grants awarded. A Request for Proposals is anticipated by early 2009 for the first year of the Beginning Farmer and Rancher Development Program.

USDA Contact Information and Online Resources

The current USDA website for the CSREES is: *www.csrees.usda.gov*. A webpage for the BFRDP will likely be added at a later date.

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Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers Program

Program Basics

The Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers (OASDFR) program, also known as the "Section 2501" program after its farm bill section number, provides grants to Land Grant Institutions (1862, 1890, or 1994), Native American Tribal Governments and organizations, Latino-Serving Institutions, State Controlled Institutions of Higher Education, and community-based organizations and non-profits that work with minority farmers and assist them in owning and operating farms and participating in agricultural and USDA-specific programs.

The purpose of the OASDFR program is to assure that socially disadvantaged farmers and ranchers have opportunities to successfully acquire, own, operate, and retain farms and ranches and equitably participate in all USDA programs.

The OASDFR supports a range of outreach and assistance activities, including:

- Farm management
- Financial management
- Marketing
- Application and bidding procedures

Applicants are also encouraged to coordinate with existing regional projects to complement and relevant cross-regional activities.

The OASDFR program most recently has been administered by the USDA's Cooperative State Research, Education, and Extension Service (CSREES), but soon will be administered by the new Office of Outreach and Advocacy.

Most Recent OASDFR Program Year Funding – FY2009	
Estimated Total Program Funding	$14,300,000
Range of Grant Awards	$100,000 to $300,000
Percent of Applications Funded	30%
Average Grant Amount	$254,533*
Cost Sharing Requirements	None

* Indicates information for most recent data - FY 07

2008 Farm Bill Changes

Two major legislative changes were made to the OASDFR program in the 2008 Farm Bill. First, the program will now be administered by the new USDA Office of Outreach and Advocacy instead of CSREES, although the program may remain at CSREES for a transition period. Second, funding for the program is increased substantially (see funding section below) to help reach more farmers and ranchers in underserved areas and to improve and expand existing outreach and technical assistance projects.

Other changes include a requirement for grant recipients to have demonstrated an ability to carry out enhanced coordination of outreach, technical assistance, and education efforts; they must also help reach current and prospective socially disadvantaged farmers or ranchers in a linguistically appropriate manner and improve the participation rate of these farmers in USDA programs.

For appropriate oversight and analysis of the program's impact, USDA is required to submit an annual report to both the House and Senate Agriculture Committees outlining the list of grant recipients, the activities and programs being funded to benefit socially disadvantaged farmers and ranchers, the number of producers being served by programs, and any problems or barriers identified by stakeholders that should be handled.

Section 14004 of the Food, Conservation, and Energy Act amends Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, to be codified at 7 U.S.C. Section 2279.

Funding

Despite the program's success, program funding has not been sufficient to reach counties throughout the U.S. where outreach is needed. OASDFR was authorized in the 2002 Farm Bill at $25 million a year but has never received a congressional appropriation of more than $6 million in any year since then.

The 2008 Farm Bill authorized mandatory funding for the program and greatly increased the total to $75 million for FY 09-12.

Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers Program Funding	
2008	$5.9m
2009	$15m
2010	$20m
2011	$20m
2012	$20m

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Examples of Past Grant Recipients

Agriculture and Land-Based Training Association

www.albafarmers.org

The Agriculture and Land-Based Training Association (ALBA) in Salinas, CA received $253,217 in FY 05 to enhance business management skills of socially disadvantaged farmers and ranchers. ALBA has been successful in helping former migrant workers, some of whom have never farmed before, become prosperous farm owners. With the help of this grant and other funding, ALBA has created several influential and thriving programs in agricultural training, business and marketing education, and leadership development that benefit a diverse group of farmers and ranchers.

Federation of Southern Cooperatives

www.federationsoutherncoop.com

In 2007, the Federation of Southern Cooperatives (FSC) received $299,723—more than doubling its 2005 and 2006 grants—to strengthen the farm management and marketing skills of minority farmers in the southern region of the United States. The funding helped FSC to operate programs such as the Small Farm and Sustainable Agriculture Program, which helps farmers develop successful family farm businesses with technical assistance in farm management, setting farm goals, and financial analysis.

Implementation Basics

As an annual competitive grant program, a OASDFR program request for applications (RFA) is issued each year in the Federal Register and Catalog of Federal Domestic Assistance. These documents explain the program and its application instructions, in addition to the process for providing comments and public input on the RFA. The request for applications this year opened on September 24, 2008 and will close on December 12, 2008. There is no Letter of Intent required for this grant. The RFA, with additional information, is on the web at *www.csrees.usda.gov/fo/outreachassistance sociallydisadvantagedfarmersranchers.cfm*.

USDA Contact Information and Online Resources

Please note that since the OASDFR program is moving to the Office of Outreach and Advocacy, this information will change. The updated contact information for this program will be posted to the web version of this guide once the new office is established.

The website for the OASDFR of the USDA's Cooperative State Research, Education, and Extension Service (CSREES) is: *www.csrees.usda.gov/fo/outreachassistance sociallydisadvantagedfarmersranchers.cfm*

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Risk Management Education and Partnership Grants Programs

Program Basics

Risk management education and partnership programs fund projects to inform farmers about crop insurance, futures, options, forward contracts, as well as broader risk management topics such as crop and enterprise diversification, conservation planning, new and value-added markets, debt reduction, and asset building strategies. There are several distinct grant programs funded under this general heading, including:

- USDA's Cooperative State Research, Education, and Extension Service (CSREES) manages the $5 million a year Risk Management Education (RME) Program to provide farmers with the knowledge, skills and tools needed to make informed risk management decisions for their operations, with the goal of enhancing farm profitability. The program operates through four regional risk management education centers, located at University of Delaware, Texas A&M, University of Nebraska, and Washington State University (see Implementation Basics for contact information).
- USDA's Risk Management Agency (RMA) administers several programs, including two that apply nationally – Community Outreach and Assistance Partnerships (COAP) and Commodity Partnerships for Risk Management Education, and one – Crop Insurance Education in Targeted States – that is focused on providing crop insurance education solely in the 15 states with the lowest participation rates in the federal crop insurance program. In recent years, each of these programs has funded a substantial number of projects related to sustainable and organic agriculture and to beginning, minority, and women farmers. The COAP Program in particular funds collaborative outreach and assistance initiatives between public and private entities that assist socially disadvantaged, beginning, and other traditionally under-served farmers and ranchers.

Most Recent CSREES RME Funding Info – FY 08	
Estimated Total Funding	$5,000,000
Range of Awards	$1,000 - $75,000
% of Applications Funded	approximately 25%
Cost Sharing Requirements	None

Most Recent RMA COAP Funding Info – FY 08	
Estimated Total Funding	$2,752,507
Range of Awards	$20,000 to $175,000
% of Applications Funded	36%
Average Grant Amount	$56,174
Cost Sharing Requirements	None

2008 Farm Bill Changes

The only farm bill change to the CSREES-administered regional RME program was the addition of a special emphasis for awarding grants to risk management education projects that assist:

- Beginning farmers or ranchers;
- Legal immigrant farmers or ranchers that are attempting to become established producers in the U.S.;
- Socially disadvantaged farmers or ranchers;
- Farmers or ranchers that are preparing to retire and are pursuing transition strategies to help new farmers or ranchers get started; or
- New or established farmers or ranchers that are converting production and marketing systems to pursue new markets.

The mandatory funding was continued at $5 million a year.

The major change to the RMA-administered programs was a cut in funding. Prior to the 2008 Farm Bill, RMA received $20 million a year in mandatory funding that was used for both contracting with schools and firms to do research and development for new crop insurance products and risk management strategies for underserved commodities and areas, and for the partnership education and outreach programs. In addition, $5 million a year in mandatory funding was available for Targeted States Education. That $5 million for the 15 most underserved states (the northeastern states plus WY, UT, and NV; and the 2008 bill adds HI as the new 16th state) is continued in the 2008 Farm Bill, but the $20 million amount for the R&D contracting and the partnership programs was cut to $12.5 million a year in mandatory funding.

The new bill also directed RMA to enter into contracts, paid for out of the same $12.5 million a year, for research and development of 6 new or revised insurance productions: crop insurance for organic production, energy crops, aquaculture, and bees, plus revenue insurance for contract poultry producers and for beginning farmers.

In addition, RMA was given the discretionary authority to transfer up to $5 million a year from this same $12.5 million line item to improve its computer systems.

As a result of the overall cut, the new mandated contracts, and the transfer authority, significantly less money will be available each year for the partnership education and outreach programs.

Section 12026 of the Food, Conservation, and Energy Act of 2008 amends Section 524(a) of the Federal Crop Insurance Act to add the special beginning farmer emphasis to the CSREES Risk Management Education Program. The program and this change are codified at 7 U.S.C. 1524(a).

Section 12024 of the Food, Conservation, and Energy Act of 2008 amends Section 522(e) of the Federal Crop Insurance Act to reduce mandatory funding for R&D contracting and partnership programs. The funding change will be codified at 7 U.S.C. 1522(e).

Section 522(d) of the Federal Crop Insurance Act authorizes the Risk Management Partnership Programs.

Section 524(a)(2) of the Federal Crop Insurance Act authorizes the Education for Underserved States program.

Funding

Risk Management Education and Outreach Funding

	CSREES RME	RMA Targeted States Education	RMA Partnership and Outreach Programs; R&D Contracting
2008	$5 M	$5 M	$12.5M
2009	$5 M	$5 M	$12.5 M
2010	$5 M	$5 M	$12.5 M
2011	$5 M	$5 M	$12.5 M
2012	$5 M	$5 M	$12.5 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics - RME

Four regional centers administer the funding opportunities annually with input from producers and other stakeholders knowledgeable and interested in agricultural risk management:

- The Western Center for Risk Management Education (Washington State University);
- The Southern Region Risk Management Education Center (Texas A&M University);
- The North Central Risk Management Education Center (University of Nebraska); and
- The Northeast Center for Risk Management Education (University of Delaware).

Application is a two–step process. Applicants first submit a short, online pre-proposal and, if they are selected, a more detailed full proposal. Grant awards normally do not exceed $50,000 per project. The range of awards is generally from $5,000–$50,000, however, there is no absolute upper or lower limit on the funds provided to a project. Awards reflect a mix of project sizes to meet a center's investment goal of a balanced portfolio. CSREES has stated that awards go to projects that clearly identify risk management results and have a well-thought-out approach to achieve those results.

Implementation Basics - RMA

RMA announces the availability of funds for its partnership and cooperative agreements each year via the Federal Register and the RMA website (*www.rma.usda.gov/aboutrma/agreements/*). Partners conduct risk management and crop insurance education, community outreach and assistance, and research and development activities. Information about eligibility criteria is outlined in each Federal Register Request for Applications (see 2006 outreach notice for an example).

Applicants interested in RMA funding can go to the RMA website for an application checklist, instructions, samples, templates, and all required forms needed to prepare an application. Applicants should pay close attention to the closing date and time for receipt of an application as applications received after the deadline will not be considered.

Applications may be transmitted electronically via *Grants.gov* prior to the application date or time deadline. Go to *www.grants.gov*, click on "Find Grant Opportunities," select "Search Grant Opportunities."

Each year a Request for Applications (RFA) is available for both RME and RMA programs through the Federal Register.

Examples of Past Grant Recipients for the Community Outreach and Assistance Partnership Program

A full list of projects funded under this program can be found at the **Digital Center for Risk Management Education** at the University of Minnesota *www.agrisk.umn.edu.*

Examples include:

California FarmLink
www.californiafarmlink.org/joomla/index.php
California FarmLink received $105,000 in 2007 for a project entitled "Empowering Underserved Farmers to Manage Risk through Business Planning and Farm Financing" to offer trainings on business planning, farm financing, crop insurance, and land tenure to minority and young farmers, as well as succession planning.

Land Stewardship Project
www.landstewardshipproject.org
Land Stewardship Project received $93,940 in 2007 for a New Forsenic Ag Project to help beginning farmers who want to raise alternative crops and livestock find strategies to mitigate risk.

Michael Fields Agricultural Institute
www.michaelfieldsaginst.org
Michael Fields Agricultural Institute received $150,000 in 2007 to assist immigrant and other underserved farmers and ranchers increase the number of successful applications to RMA and other USDA programs by assuring that language and culture are not a barrier in completing an application.

Michigan Land Use Institute
www.mlui.org
The Michigan Land Use Institute received $88,744 in 2007 to help increase the number and success of small scale farmers in the region by providing targeted risk management and outreach planning, promotion, and delivery of information addressing production, marketing and financial risks.

USDA Contact Information and Online Resources

Janie Hipp, CSREES, RME National Program Leader, *jhipp@csrees.usda.gov*, 202-720-3605

CSREES Regional Centers are at: *http://srrme.tamu.edu/regionalcenters.html*

RMA: *www.rma.usda.gov/aboutrma/agreements/*

David Wiggins, USDA National Outreach Program Manager, *David.wiggins@rma.usda.gov*, 202- 690-2686

Michelle Fuller, Commodity Partnerships for Risk Management Education and the Crop Insurance Education in Targeted States, *michelle.fuller@wdc.usda.gov,* 202-720-6356

Direct and Guaranteed Farm Ownership and Operating Loans

Program Basics

The Farm Service Agency (FSA) of USDA provides direct and guaranteed farm ownership and operating loans for farmers and ranchers. FSA makes direct loans, while banks, credit unions or other lenders make loans with a guarantee against significant loss of principal or interest on an FSA loan. Percentages of both direct and guaranteed ownership and operating loans are reserved for beginning farmers and ranchers and for socially disadvantaged farmers and ranchers (see page 46).

Direct and guaranteed farm ownership loans can be used to purchase farmland, construct or repair buildings, or promote soil and water conservation. Direct and guaranteed operating loans can be used to purchase livestock, farm equipment, feed, seed, fuel, insurance or other operating expenses. Operating loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, and to refinance debts under certain conditions.

Program eligibility criteria for a direct loan from FSA include sufficient education, training, and experience in managing or operating a farm. For all direct farm ownership loans, an applicant must have participated in the operation of a farm or ranch for at least 3 years out of the past 10 years.

Applicants for direct and guaranteed loans must be unable to obtain credit elsewhere and have an acceptable credit history. Direct and guaranteed loan borrowers must also be the operator or tenant operator of a farm that is not larger than a "family farm" after the loan is closed. A family farm is defined as one in which all of the management and a substantial amount of the total labor is provided by the farm family. All borrowers have to comply with highly erodible land and wetland cross-compliance farm bill requirements.

Repayment terms and interest rates vary according to the type of loan made, but operating loans are normally repaid within seven years and farm ownership loans cannot exceed forty years.

2008 Farm Bill Changes

The 2008 Farm Bill increased the per farm loan limit for direct operating and for direct farm ownership loans from $200,000 to $300,000. The loan limit for guaranteed loans did not change, remaining at a combined limit of $1,094,000 (2008), a rate adjusted for inflation each year. The 2008 Farm Bill also increased the authorized funding level for direct loans, but not for guaranteed loans. Also revised was the special Conservation Loan Program (see page 54).

The 2008 Farm Bill directs FSA to develop a plan that will promote the goal of transitioning borrowers from direct to guaranteed credit and from guaranteed to regular commercial credit in the shortest amount of time possible. In doing so, FSA is instructed to coordinate this graduation policy with its borrower training, loan assessment, and market placement programs and services.

The 2008 Farm Bill did not change existing term limits (i.e., limits on the number of years a borrower may receive loans) on direct or guaranteed loans, but did extend a temporary suspension of the guaranteed loan term limits through the end of calendar year 2010.

Section 5003 of the Food, Conservation and Energy Act of 2008 amends Section 305(a)(2) of the Consolidated Farm and Rural Development Act, to be codified at 7 U.S.C. Section 1925(a)(2), to increase the per farm direct ownership loan limit.

Section 5102 of the Food, Conservation, and Energy Act of 2008 amends Section 313(a)(1) of the Consolidated Farm and Rural Development Act, to be codified at 7 U.S.C. Section 1943(a)(1), to increase the per farm direct operating loan limit.

Section 5103 of the Food, Conservation, and Energy Act of 2008 amends Section 5102 of the Farm Security and Rural Investment Act of 2002, to be codified at a note to 7 U.S.C. Section 1949, to extend the temporary suspension of guaranteed loan term limits until December 31, 2010.

Section 5303 of the Food, Conservation, and Energy Act of 2008 amends Section 346(b)(1) of the Consolidated Farm and Rural Development Act, to be codified at 7 U.S.C. Section

1994(b)(1), to increase the funding authorizations for direct ownership and operating loans.

Funding

The 2008 Farm Bill increases the authorization for appropriation for direct operating loans from $565 million a year to $850 million a year, and for direct ownership loans from $205 million to $350 million. The actual amount available each year for direct and guaranteed loans depends on funding levels contained in the annual agricultural appropriations bill.

Implementation Basics

The changes to the direct loan limits are self-implementing and already in effect. A rule on the new graduation provision is expected sometime in 2009. The funding for direct operating and ownership loans is determined by the annual appropriations process. To participate, a loan applicant must contact the FSA office in his or her county for an application package.

USDA Contact Information and Online Resources

The FSA of USDA administers the direct and guaranteed loan programs. Additional information about the programs is posted on the FSA website: *www.fsa.usda.gov*.

To locate your state or county FSA offices, visit this website: *www.fsa.usda.gov/FSA/webapp?area=contact&subject=landing&topic=landing*.

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Direct and Guaranteed Loan Set Asides for Beginning and Socially Disadvantaged Farmers and Ranchers

Program Basics

Over the past two decades Congress has established target participation rates and loan fund set-asides for both beginning and socially disadvantaged farmers and ranchers within the direct and guaranteed farm ownership and operating loan programs. The purpose of reserving funds for these borrowers is to help target these government credit programs to those most in need of credit assistance, to ensure that socially disadvantaged and beginning farmers and ranchers can obtain access to credit, and to help change the structure of agriculture by helping to reverse the aging of American agriculture and the loss of minority land ownership. In addition to loan set asides, Congress has also given beginning and socially disadvantaged farmers and ranchers a preference in acquiring land out of government inventory. Congress established target participation rates for farm ownership loans for socially disadvantaged producers in 1987, and the rest of the set-asides for beginning and socially disadvantaged producers in 1990 and 1992.

2008 Farm Bill Changes

The 2008 Farm Bill increases the percentage of loan funds reserved for beginning farmers and ranchers to:

- 75 percent for direct farm ownership loans, up from 70 percent;
- 40 percent for guaranteed farm ownership loans, up from 25 percent; and
- 50 percent of direct operating loans, up from 35 percent.

The 2008 Farm Bill also makes socially disadvantaged farmers eligible on a priority basis to purchase inventory property during the same 135 day period of time that beginning farmers are eligible.

Section 5302 of the Food, Conservation, and Energy Act of 2008 amends Section 346(b)(2) of the Consolidated Farm and Rural Development Act to increase the beginning farmer loan set aside rates, to be codified at 7 U.S.C. Section 1994 (b)(2), and amends Section 335(c) of the Consolidated Farm and Rural Development Act to add socially disadvantaged farmers to the inventory land sale preference, to be codified at 7 U.S.C. Section 1985.

Key Aspects of the Preference Provisions

Direct Farm Ownership Loans – Each year 75 percent of the total loan funds available are reserved for beginning farmers and ranchers for the first 11 months of the fiscal year. If all of those reserved funds are not required by beginning farmers, USDA may use any funds remaining in the final month of the fiscal year to make loans to other qualified borrowers.

Of the 75 percent, two-thirds (i.e., 50 percent of the total) is reserved exclusively for down payment loans and joint financing agreement loans (see page 48) for the first half of the fiscal year. After April 1 of each year, if there are loan funds remaining they may be made available for regular beginning farmer farm ownership loans.

For socially disadvantaged producers, the target participation rate is determined by the percent of total socially disadvantaged people living in a particular county. For instance, if the percentage of African-Americans living in County X is 50 percent, then the target participation rate for ownership loans for socially disadvantaged producers living in that county is 50 percent.

For counties within the boundaries of a Native American reservation, the target participation rates are based on a reservation-wide basis. The target participation rate for women producers, who are included in the definition of socially disadvantaged in this section, is set based on the percent of women farmers in the state relative to the total number of farmers in that state. Thus, if 3 percent of farmers in State X are women, then the target participation rate is 3 percent. Target participation rates for socially disadvantaged producers are in effect for the entire fiscal year.

The reserves for socially disadvantaged producers that are not used within a state are made available for socially disadvantaged producers in other states, or are re-pooled within the same state for other purposes.

Direct Farm Operating Loans – Each year 50 percent of total loan funds available are reserved for beginning farmers and ranchers for the first 11 months of the fiscal year. If all of those reserved funds are not required by beginning farmers, USDA may use any funds remaining in the final month of the fiscal year to make loans to other qualified borrowers.

For socially disadvantaged producers, the target participation rate is determined by the percent of socially disadvantaged producers in a state relative to the total number of farmers in that state (this includes all who are defined as socially disadvantaged, including women and members of racial and ethnic minorities). The reserves for socially disadvantaged producers that are not used within a state are made available for socially disadvantaged producers in other states, or are re-pooled within the same state for other purposes.

Guaranteed Farm Ownership and Operating Loans – Each year 40 percent of total loan funds available for guaranteed farm ownership loans and 40 percent of total loan funds available for guaranteed farm operating loans are reserved for beginning farmers and ranchers for the first half of each fiscal year. After April 1 of each year, any unused funds then become available for any type of guaranteed ownership or operating loan.

In each fiscal year, if there are unused guaranteed farm operating loan funds as of August 1, USDA will make those funds available for beginning farmers seeking a down payment real estate loan if appropriated funds for down payment loans are already extinguished. On September 1 of each year, if there are still unused guaranteed operating loan funds available, USDA will make those funds available for any type of beginning farmer ownership loan.

Inventory Property Sales – If the government acquires farmland through foreclosures, this "inventory" property is advertised for sale within 15 days of government acquisition. Eligible beginning and socially disadvantaged farmers and ranchers are given first priority to purchase these properties at their appraised market value during the first 135 days the land is on the market. If more than one eligible beginning or socially disadvantaged producer offers to purchase the same property during that period of time, a buyer is chosen at random. USDA may divide or combine inventory properties to maximize new farming opportunities. USDA can also lease the land to a beginning or socially disadvantaged farmer until such time as funding is available for them to receive a direct farm ownership loan with which to purchase the property. If the 135 day period expires without a buyer, the land is open for public sale to any buyer.

Funding

The amounts available each fiscal year for direct and guaranteed farm ownership and operating loans is determined by the annual agricultural appropriations bill. In recent years, appropriations for direct farm ownership loans have averaged about $225 million dollars a year. Direct farm operating loans have averaged $635 million. Appropriations for guaranteed farm ownership loans has averaged about $1.2 billion, and guaranteed operating loans about $1.3 billion, of which about $270 million have been more deeply subsidized than the remainder.

Implementation Basics

The farm bill changes described above will be included in a final rule in late 2008 and will apply immediately. Funding levels will be determined by the annual appropriations process.

USDA Contact Information and Online Resources

The Farm Service Agency (FSA) administers the direct and guaranteed loan programs. Additional information about the programs is posted on the FSA website: *www.fsa.usda.gov.*

To locate your state or county FSA offices, visit this website: *www.fsa.usda.gov/FSA/webapp?area=contact&subject=landing&topic=landing*

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Down Payment Loan Program for Beginning and Socially Disadvantaged Farmers and Ranchers

Program Basics

The Down-Payment Loan Program reflects the dual realities of scarce federal resources and the significant cash flow requirements of most new farm operations. It combines the resources of USDA's Farm Service Agency (FSA), a beginning or socially disadvantaged farmer, and a commercial lender or private seller to enable beginning, minority, and women farmers to make a down payment on a farm or ranch. Since 1994, the program has assisted nearly 3,000 new farmers purchase farms.

To qualify, the borrower must be able to make a cash down payment of at least 5 percent of the purchase price.[1] The loan amount from FSA is equal to 45 percent of the purchase price of the land to be acquired, not to exceed its appraised value and not to exceed $500,000. With this $500,000 cap, the maximum FSA loan amount is thus $225,000. Note, however, that this is a cap on the amount of the loan, not a cap on the value of the land to be acquired.

The FSA loan term is 20 years, with an interest rate that is 4 percent lower than the regular FSA direct farm ownership loan interest rate, but no less than 1.5 percent. Hence, if the regular (and already subsidized) FSA direct farm ownership interest rate is 7 percent, the Down Payment Loan interest rate will be 3 percent. Or, for instance, if the regular rate is 5 percent, the down payment rate will be 1.5 percent.

The remaining balance of the loan (50 percent) may be obtained from a commercial lender or a private party. FSA can provide a 95 percent federal guarantee to the commercial lender and the lender does not have to pay the normal guarantee loan fee. FSA can provide two types of federal guarantees to private landowners who sell to the beginning or socially disadvantaged farmer using a private land contract (see Land Contract Sales Guarantee section of this guide).

State "first time farmer" or "aggie bond" programs can also provide assistance that has the effect of lowering the interest rate on the commercial portion of a down payment loan or a participation loan. For an explanation of this option and a listing of 16 states that have state programs, see *www.stateagfinance.org/types.html#aggiebond.*

2008 Farm Bill Changes

The 2008 Farm Bill makes important changes to the Down Payment Loan Program. These changes include reducing the interest rate (which previously was 4 percent, regardless of what the regular rate was) and down payment requirements (which previously was 10 percent). The new farm bill also added socially disadvantaged farmers to the program, which originally was solely for beginning farmers.

The Down Payment Loan Program was first established by the 1992 Agricultural Credit Act and implemented by USDA starting in 1994. The program has been amended in successive farm bills after that, including by Section 5004 of the Food, Conservation, and Energy Act of 2008, which amends Section 310E of Consolidated Farm and Rural Development Act of 1972.

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[1] In cases where the beginning or socially disadvantaged farmer is not able to make the 5 percent down payment, two other options are available. One is a "participation loan" in which FSA provides a loan for up to 50 percent of the land value and a commercial lender provides 50 percent or more of the loan package. The interest rate for the FSA portion of the participation loan is generally the same as the regular direct farm ownership loan program. The FSA loan term is 40 years. The other option is a regular FSA direct farm ownership loan program in which FSA provides 100 percent, 40-year financing.

Participation loans share an advantage with Down Payment loans in that, for a given amount of funding provided by Congress, two or three times more borrowers can be served than under the regular direct farm ownership program. Experience suggests, however, that new farmer success rates are higher when the beginning farmer builds the farming operation slowly and provides some of the equity upfront. From the dual perspective of "best bang for the taxpayer dollar" and highest probability of success, down payment loans have considerable appeal.

The revised Down Payment Loan Program is to be codified at 7 U.S.C. Section 1935.

Implementation Basics

The Down Payment Loan Program changes were essentially self-implementing, so the new provisions were already in effect shortly after passage of the 2008 Farm Bill. To apply, go to the local FSA office serving the area where the farming operation is located.

USDA Contact Information and Online Resources

Information about the special down payment loans for beginning and socially disadvantaged farmers and ranchers can be found on the Farm Service Agency website at: *www.fsa.usda.gov*.

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You can locate contact information for local FSA offices by clicking on your state at *http://offices.sc.egov.usda.gov/locator/app?state=us&agency=fsa*.

Contract Land Sales Program for Beginning and Socially Disadvantaged Farmers and Ranchers

Program Basics

The Contract Land Sales Program for Beginning and Socially Disadvantaged Farmers and Ranchers provides federal loan guarantees to retiring farmers who self-finance the sale of their land to beginning or socially disadvantaged farmers and ranchers. The program is designed to encourage private land contract sales by providing a degree of protection to the retiring farmer whose retirement savings is often in the land and farm. It provides the seller with a federal guarantee much like that available to commercial banks and other lenders.

The program is structured to provide the seller of the farm or ranch two choices:

- a "prompt payment" guarantee that covers three amortized annual installments or an amount equaling three amortized annual installments; or
- a standard asset guarantee plan that covers an amount equal to 90 percent of the outstanding principle of the loan provided that the seller obtains a servicing agent.

For either option, the loan guarantee stays in effect for 10 years. The purchase price or appraisal value of the farm or ranch that is the subject of the contract sale cannot be greater than $500,000. The buyer of the farm and ranch must contribute at least 5 percent as the down payment for the land.

Under the prompt payment guarantee, if the new farmer/buyer does not pay an annual installment due on the contract, or pays only part of an installment, USDA's Farm Service Agency provides the scheduled payment or the unpaid portion to the seller through an escrow agent after the seller unsuccessfully attempts collection. In that circumstance, the buyer would then try to restructure the debt through an approved repayment plan.

Under the asset guarantee, the seller is protecting himself or herself against the possibility that the value of the farm may have sharply declined between the time the contract was entered and any default by the buyer.

To be eligible for a loan guarantee, the buyer of the farm or ranch must: 1) be a beginning or socially disadvantaged farmer or rancher; 2) have an acceptable credit history demonstrated by satisfactory debt repayment; 3) be the owner or operator of the farm or ranch when the contract is complete; and 4) be unable to obtain sufficient credit elsewhere without a guarantee to finance actual needs at reasonable rates or terms.

2008 Farm Bill Changes

The 2002 Farm Bill established the Beginning Farmer and Rancher Land Contract program as a pilot program in 9 states. The 2008 Farm Bill makes the program permanent and available nationwide. The 2008 Farm Bill also includes socially disadvantaged farmers as an eligible group for the loan guarantee program. Finally, the 2008 Farm Bill adds the standard asset guarantee option, with the stipulation that the seller obtains the services of a loan servicing agent.

Section 5005 of the Food, Conservation, and Energy Act of 2008 amends Section 310F of the Consolidated Farm and Rural Development Act of 1972, to be codified at 7 U.S.C. Section 1936.

Funding

The contract sales guarantee program is funded out of the annual appropriation for guaranteed farm ownership loans. The farm bill authorized program level for guaranteed farm ownership loans is $1 billion, and in recent years Congress has appropriated enough funds to result in a program level of between $1.2 and $1.4 billion. Sufficient funding should be available from this overall appropriation for guaranteed farm ownership loans to cover all eligible land contract program proposals submitted.

Implementation Basics

Existing guarantees under the original pilot program will continue and will be serviced according to the guarantee agreements. For the new, permanent nationwide program, a regulation will be written to implement the new program. Until the regulation is published, no applications will be processed. Future editions of this guide will include information about the regulation.

USDA Contact Information and Online Resources

The Beginning and Socially Disadvantaged Farmer and Rancher Land Contract Sales program is administered by the Farm Service Agency (FSA). Information about the program will be posted on the FSA website: *www.fsa.usda.gov*.

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For information and applications, go to your FSA regional Service Centers or to your state FSA office. You can locate all of the contact information by clicking on your state at *http://offices.sc.egov.usda.gov/locator/app?state=us&agency=fsa*.

Beginning Farmer and Rancher Individual Development Accounts Pilot Program

Program Basics

The Beginning Farmer and Rancher Individual Development Accounts (IDA) Pilot Program is designed to help beginning farmers and ranchers of limited means finance their agricultural endeavors through business and financial education and matched savings accounts. The program is modeled after the more urban-based Individual Development Account program, administered by the Department of Health and Human Services, that focuses primarily on home purchase or business development. The new Beginning Farmer and Rancher IDAs, administered by USDA, will promote a new generation of farmers and ranchers by assisting those of modest means to establish a pattern of savings. Ultimately, the savings can be used as part of a down payment on farmland or to purchase breeding stock, farm equipment, or other productive assets.

The 2008 Farm Bill directs USDA to establish pilot projects in at least 15 states. The states have not been selected yet, but future editions of this Guide will provide that information when it becomes available. Selection of the IDA organization or agency within a state will be chosen on a competitive basis.

Eligible beginning farmer or ranchers are those who do not have significant financial resources or assets and have an income less than 80 percent of the median income of the state in which they live, or 200 percent of the most recent annual Federal Poverty Income guidelines published by the Department of Health and Human Services. An eligible beginning farmer or rancher must also agree to complete a financial training program and create a savings account.

Any non-profit organizations or tribe or local or state government can submit an application to USDA to receive a grant. Non-profits could also team with agencies to run a pilot program. The selected groups will both establish and administer the IDAs and are also responsible for providing access to business and financial education.

The organization or collaboration will establish a reserve fund made up of the total amount of the IDA grant awarded to them (up to $250,000) and a non-federal match of 50 percent of that total amount awarded. The grantees can use up to 10 percent of the federal grant amount (up to $25,000) to support business assistance, financial education, account management, and general program operation costs. The local, non-federal match may be used for program expenses without limit. Interest accrued on the federal grant award can be used for matched savings or for program costs.

Once a participating organization establishes a Beginning Farmer or Rancher IDA project, an eligible beginning farmer or rancher can set up an account with the participating organization and deposit a certain amount that is "matched" by that organization at a rate of at least 100 percent and up to 200 percent. For instance, if a farmer participant deposits $100 a month into the IDA, the organization's IDA program will match them at 1:1 or 2:1 or up to $200 a month. After the two-year program period, up to $7,200 would be available for the farmer to put towards the assets he or she has been saving for. Up to $3,000 of an individual's savings can be matched per year, so at the 2:1 rate that means there can be a total of $9,000 in annual leveraged savings.

2008 Farm Bill Changes

The Beginning Farmer and Rancher Individual Development Accounts initiative is a brand new pilot program.

Section 5301 of the Food, Conservation, and Energy Act of 2008 amends Subtitle D of the Consolidated Farm and Rural Development Act of 1972 by adding a new Section 333b, to be codified at 7 U.S.C. Section 1983b.

Funding

The 2008 Farm Bill authorizes appropriations of up to $5 million a year for the Beginning Farmer and Rancher IDA Program. The program will commence only after Congress designates funding for it in the annual agriculture appropriations bill. If fully funded, over a five year period the program could assist approximately 4,000 new farmers.

Implementation Basics

The Beginning Farmer and Rancher IDA Pilot Program will be administered by USDA's Farm Services Agency. A proposed or an interim final rule for the program's implementation is projected to be posted for public comment by late 2008 or early 2009. Because the Beginning Farmer and Rancher IDA Pilot Program currently has not received a funding appropriation for fiscal year 2009 in either of the pending Senate or House appropriations bills, it is likely that funding will not be available for the program in fiscal year 2009. If an appropriation is secured in the fiscal year 2010 bill, a Request for Proposals would be posted sometime after the start of fiscal year 2010 (i.e., after October 1, 2009).

USDA Contact Information and Online Resources

Information about the program, once draft rules have been issued, will be posted on the FSA website: *www.fsa.usda.gov.*

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Conservation Loans

Program Basics

The 2008 Farm Bill creates a newly revised loan authority for USDA's Farm Service Agency (FSA) to provide direct or guaranteed conservation loans to qualified borrowers. Eligible farmers or ranchers, including farmer cooperatives, private corporations, partnerships, or limited liability companies, can apply for a loan to cover the costs of:

"Qualified conservation projects" such as:

- Installation of conservation structures or water conservation systems;
- Establishment of forest cover;
- Establishment of permanent pasture; or
- Conservation practices that are needed to comply with highly erodible land "compliance" requirements.

Conservation buffer practices such as:

- Grassed waterways;
- Shelterbelts;
- Windbreaks;
- Riparian buffers and filterstrips; or
- Living snow fences, and other similar vegetative practices.

A conservation project is "qualified" for a loan if it is included in a conservation plan that is approved by the Natural Resources Conservation Service.

The 2008 Farm Bill also establishes a priority for the conservation loan program for qualified beginning or socially disadvantaged farmers and ranchers, owners or tenants that use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices to comply with highly erodible land "compliance" regulations. In addition, USDA is to give strong consideration to applicants who are on waiting lists to receive farm bill conservation program financial assistance.

Direct and guaranteed conservation loans operate under the same rules and loan limitations as regular direct and guaranteed FSA farm ownership loans with two exceptions. First, for guaranteed loans the Farm Service Agency can guarantee no more than 75 percent of the principal amount of the loan, a lower rate than normal. Second, for both direct and guaranteed loans, the borrower does not have to be a family-sized farm; does not have to demonstrate an inability to secure credit from private, commercial sources at reasonable terms; and does not have to apply for commercial credit during the term of the loan should it become available at reasonable terms.

2008 Farm Bill Changes

The previous conservation loan program had many of the same features as the new program in the 2008 Farm Bill, except that guaranteed loans were not limited to 75 percent guarantees and borrowers had to operate not larger than family-sized farms and demonstrate an inability to get credit elsewhere. In addition, the new farm bill has added the priorities for beginning, socially disadvantaged, and organic and sustainable farmers and ranchers. Finally, the new farm bill eliminates an outdated $50,000 limit on direct conservation loans.

Section 5002 of the Food, Conservation, and Energy Act of 2008 amends Section 304 of the Consolidated Farm and Rural Development Act of 1972, to be codified at 7 U.S.C. Section 1924.

Funding

The 2008 Farm Bill authorizes an appropriation for the Conservation Loan program for each year between 2008 and 2012. However, it has been about 15 years since Congress last appropriated funds to the Conservation Loan program directly, and neither the pending House nor Senate appropriations bills for FY 2009 include any such funding. However, in the intervening years, FSA has still made loans for conservation purposes under its regular direct and guaranteed farm ownership loan authority but in accordance with the conservation loan authority. Presumably this will continue to be the case under the new revised Conservation Loan program, until such time as Congress may appropriate separate funding for conservation loans. In recent years, Congress has appropriated over $200 million for direct farm ownership loans and over $1.2 billion in guaranteed farm ownership loans.

Implementation Basics

The Conservation Loan program will be part of general rulemaking that the Farm Service Agency is undertaking in the winter of 2008-2009. Qualified farmers and ranchers will continue to be able to access loans for conservation purposes, including those enumerated in the new conservation loan program, under the regular farm ownership programs. In that instance, the regular farm ownership rules will apply, including the important not larger than family-sized farm test.

USDA Contact Information and Online Resources

The Conservation Loans program is administered by the Farm Service Agency (FSA). Information about the program will be posted on the FSA website: *www.fsa.usda.gov*

Mike Hinton, Direct Loan Branch Chief, Farm Service Agency, *mike.hinton@usda.gov*, 202-720-1472

Bob Bonnet, Guaranteed Loan Branch Chief, Farm Service Agency, *bob.bonnet@usda.gov*, 202-720-3889

For information and applications, go to your FSA regional Service Centers or to your state FSA office. You can locate all of the contact information by clicking on your state at *http://offices.sc.egov.usda.gov/locator/app?state=us&agency=fsa*.

Conservation Reserve Program Transition Option for Beginning and Socially Disadvantaged Farmers or Ranchers

Program Basics

The Conservation Reserve Program (CRP) Transition Option for beginning and socially disadvantaged farmers and ranchers is brand new in the 2008 Farm Bill.

The CRP Transition Option provides two years of extra CRP rental payments to owners of land, currently in the CRP but returning to production, if they rent or sell to beginning or socially disadvantaged farmers and ranchers. The beginning or socially disadvantaged farmer or rancher must agree to use sustainable grazing practices or resource-conserving cropping systems. They may also transition to organic production. Any beginning or socially disadvantaged farmer or rancher is eligible to participate, except for family members of the retiring owner or operator of the CRP land in question.

With the likelihood that millions of acres of land covered by expiring CRP contracts will return to production in the next few years, this option offers an important opportunity for beginning and socially disadvantaged farmers and ranchers to get a start on the land while also increasing the likelihood that the ecological integrity of the land will be protected.

The mechanics of the new CRP Transition Option works as follows:

- One year prior to the termination of a CRP contract, a CRP owner or operator who is participating in the CRP Transition Option can join with a beginning or socially disadvantaged farmer or rancher who can begin to make conservation and land improvements and/or begin the organic certification process on the land covered by the CRP contract.
- On or near the date that the CRP contract is terminated, the retired or retiring owner or operator will sell, enter into a long-term lease, or lease with an option to purchase, some or all of the land that was covered by CRP to the participating beginning or socially disadvantaged farmer or rancher.
- The participating beginning or socially disadvantaged farmer or rancher must develop and implement a conservation plan on the land that was covered by CRP.
- On the date that the participating beginning or socially disadvantaged farmer or rancher takes possession of the land through ownership or lease, they will have the option to enroll in the Conservation Stewardship Program (CSP) or the Environmental Quality Incentives Program (EQIP). They will also have the option of re-enrolling portions of the land into the CRP through the "continuous sign-up" CRP, which is for conservation buffer practices such as contour grass strips, riparian buffers, or grassed waterways.
- USDA's Farm Service Agency (FSA) will continue making payments to the retired or retiring owner or operator for two additional years after the date that the CRP contract terminates.

2008 Farm Bill Changes

This is a new program option within CRP created by the 2008 Farm Bill.

Section 2111 of the Food, Conservation, and Energy Act of 2008 amends Section 1235(c)(1)(B) of the Food Security Act of 198, to be codified at 16 U.S.C. Section 3835(c)(1)(B), to create the Conservation Reserve Program Transition Incentives for Beginning and Socially Disadvantaged Farmers and Ranchers.

Funding

The CRP Transition Option is available to all CRP landowners and beginning or socially disadvantaged farmers and ranchers who are otherwise eligible for CRP participation. The ultimate cost of the program option will be determined by how many CRP landowners and beginning and socially disadvantaged farmers and ranchers sign up. The Congressional Budget Office, responsible for estimating the cost of legislation, predicted the new transition option could cost $16 million over the next five years (2008-12) and a total of $25 million over the next ten years (2008-17).

CRP Transition Option Funding Estimate	
2008	0
2009	$1 M
2010	$3 M
2011	$4 M
2012	$8 M
5 year cost	$16 M
10 yr cost	$25 M

Based on the Congressional Budget Office's estimation of how many farmers and ranchers will participate in the CRP Transition Option each year.

USDA Contact Information and Online Resources

Information about the CRP Transition Option will be posted on the FSA's Conservation Program page: *www.fsa.usda.gov/FSA/webapp?area=home&subject=copr&topic=landing*.

Mike Linsenbigler, Deputy Director, Conservation and Environmental Division for Farm Programs
mike.linsenbigler@usda.gov, 202-720-5295

Implementation Basics

The program will be administered by FSA. The Natural Resources Conservation Service (NRCS) will have responsibilities for approving conservation plans and for offering the new farmers and ranchers enrollment opportunities in the CSP or EQIP programs.

FSA will be drafting rules and regulations to govern the program implementation. According to the tentative schedule, an interim final rule for the CRP Transition Option will be issued Fall 2008 as part of the interim final rule for the CRP. This draft rule will be posted in the Federal Register and open for public comment. Sometime after the first year's enrollment in the CRP Transition Option a final rule for the program may be issued.

Conservation Funding Set-Aside and Payment Incentives for Beginning and Socially Disadvantaged Farmers and Ranchers

Program Basics

The 2008 Farm Bill includes special participation incentives and improved access for beginning and socially disadvantaged farmers and ranchers in the two major working lands conservation programs, the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP).

The 2008 Farm Bill provides $7.325 billion in mandatory funding for EQIP for the years 2008-2012. The conservation access provision requires 5 percent of that total funding to be set aside for beginning farmers and ranchers and another 5 percent for socially disadvantaged producers.

Similarly, the 2008 Farm Bill reauthorizes CSP and directs the Secretary to enroll 13 million acres in the program each year (through 2017) with an average payment of $18 per acre per year. A conservation access provision in CSP requires that 5 percent of acres enrolled be made available for beginning farmers and ranchers and another 5 percent of acres for socially disadvantaged producers.

Any set-aside funds or acres that are not used by a certain date during the fiscal year (to be determined by the Secretary of Agriculture) will be re-pooled so that they can be used by other producers in the programs.

In addition to the funding set-aside, both beginning and socially disadvantaged farmers and ranchers are eligible for special higher EQIP payment rates than other farmers. EQIP payments are generally limited to not more than 75 percent of the cost of the conservation practices involved, but for beginning and socially disadvantaged farmers and ranchers the top limit is 90 percent. The farm bill also mandates that the difference between the normal rate and the special rate must be at least 25 percent. For instance, if the regular payment rate for a particular practice in a particular county is 50 percent, the special rate must be at least 75 percent. Also, beginning and socially disadvantaged farmers and ranchers are eligible to receive up to 30 percent of their total payment in advance to help cover their upfront costs for materials and contracting.

2008 Farm Bill Changes

The conservation funding set-asides for beginning and socially disadvantaged producers are new with the 2008 Farm Bill. The higher EQIP payment rates authorized by the 2008 Farm Bill are similar to the 2002 Farm Bill, except for the provision that the difference between the regular rate and the beginning and socially disadvantaged rate must be at least 25 percent and the provision for advanced payments. Higher payment rates from the 2002 Farm Bill for beginning farmers within CSP no longer apply.

The higher payment rates for beginning and socially disadvantaged producers enrolled in EQIP are authorized by Section 2503 of the Food, Conservation, and Energy Act of 2008 which amends Section 1240B(d)(4) of the Food Security Act of 198, to be codified at 16 U.S.C. Section 3839aa-2(d)(4).

The new conservation set-asides for beginning and socially disadvantaged producers enrolled in EQIP and CSP are authorized by Section 2704 of the Food, Conservation, and Energy Act of 2008 which amends Section 1241 of the Food Security Act of 1985, to be codified at 16 U.S.C. Section 3841(g).

Funding

For the period 2008-2012, the 2008 Farm Bill provides $7.325 billion in mandatory funding for the EQIP and sufficient mandatory funding for the CSP to enroll approximately 13 million acres a year. Five percent of those amounts, or approximately $366 million of EQIP and $58 million (or about 3.25 million acres) of CSP, will be reserved for use by beginning farmers and by socially disadvantaged farmers. In each fiscal year, unused funds from the separate beginning farmer and socially disadvantaged farmer competitions will be returned to the general pool part way through the fiscal year.

Implementation Basics

USDA's Natural Resource and Conservation Service will be drafting rules and regulations for the EQIP and CSP that will include the set-asides for beginning and socially disadvantaged farmers and ranchers and, in the case of EQIP, the higher payment rates and advanced payments. Those draft rules will be open for public comment. An interim final rule is expected for EQIP in the early fall of 2008. A proposed rule for CSP is expected to be issued in the fall of 2008 and an interim final rule in the winter of 2008- 2009. Both EQIP and CSP are expected to be open for enrollment by farmers and ranchers in the winter of 2009.

USDA Contact Information and Online Resources

The USDA website for the Conservation Stewardship Program is under development. When it is ready, you will be able to access it from *www.nrcs.usda.gov/programs/*. The website for the Conservation Security Program, the predecessor to the revised Conservation Stewardship Program is at *www.nrcs.usda.gov/programs/csp.*

The USDA website for the Environmental Quality Incentives Program is: *www.nrcs.usda.gov/programs/eqip/*

Access your state NRCS office here: *www.nrcs.usda.gov/about/organization/regions.html#state*

Dwayne Howard, CSP National Program Manager, *dwayne.howard@wdc.usda.gov*, 202-720-3524

Edward Brzostek, EQIP Specialist, *Edward.brzostek@wdc.usda.gov*, 202-720-1834

Photo : Paco Lyptic

Local and Regional Food Systems & Rural Development

The surge in consumer demand for food and agricultural products from local farmers and regional markets form a unique set of opportunities and challenges. Rising demand for healthy foods is an important incentive for farmers and ranchers, but many still face obstacles such as the lack of processing and distribution infrastructure needed to enable a local or regional food system to emerge. While federal policies and programs have been slow to respond to this changing market environment, the 2008 Farm Bill does take some important steps toward addressing the gaps and needs of producers and organizations who want to supply the growing demand for regionally-produced food.

The new farm bill contains some innovative new and expanded programs that help to manage the marketing and business development needs of those farmers, ranchers, and non-profits who want to deliver healthy, sustainably-produced foods to consumers in their immediate locale or region. The Sustainable Agriculture Coalition (SAC) once again led the charge in advancing and expanding the ***Value-Added Producer Grants Program*** and ***Farmers' Market Promotion Program*** in the most recent farm bill. Both programs aim to increase farmers' share of the food and agricultural system profit and have the secondary effect of increasing consumer access to healthy food grown by producers in their region. SAC also worked with others to establish the new ***Local and Regional Food Enterprise Guaranteed Loans*** program that will fund enterprises that process, distribute, aggregate, store, and market local and regional foods.

The value-added grants and local food enterprise loan programs are both in the farm bill's rural development title, signifying their important associated economic development role. In addition to securing programs in the 2008 Farm Bill that support agricultural development and the revitalization of local and regional agri-food systems, SAC also worked with the Center for Rural Affairs and others to establish the ***Rural Micro-Entrepreneur Assistance Program*** to help promote rural entrepreneurship and small business success in rural communities more broadly. This important win is part of the larger strategy to revitalize agricultural communities in an equitable manner that provides meaningful employment and gives people a lasting stake in their communities.

SAC was involved in the breakthrough agreement that led to the ***Interstate Shipment of State-Inspected Meat*** provision in the new farm bill, which will increase market access for small and mid-sized livestock producers. SAC also supported the Community Food Security Coalition's successful protection of funding for the ***Community Food Project Grants*** program, which supports innovative marketing activities that mutually benefit agricultural producers and low-income consumers.

Though not a SAC priority, we have included information about the ***Specialty Crop Block Grant Program,*** because in some states sustainable and organic food and farming groups have had some success in directing how their state Department of Agriculture spends its share of this block grant funding for advancing the horticultural crop segment of agriculture.

Value-Added Producer Grants Program

Program Basics

The Value-Added Producer Grants (VAPG) program provides competitive grants to individual independent agricultural producers, groups of independent producers, producer-controlled entities, organizations representing agricultural producers, and farmer or rancher cooperatives to create or develop value-added producer-owned businesses. Agricultural producers include farmers, ranchers, loggers, agricultural harvesters and fishermen that engage in the production or harvesting of an agricultural commodity. These enterprises help increase farm income, create new jobs, contribute to community and rural economic development, and enhance food choices for consumers.

The term "value-added" includes an agricultural commodity or product that has undergone a change in physical state or was produced, marketed, or segregated (e.g. identity-preserved, eco-labeling, etc.) in a manner that enhances its value or expands the customer base of the product.

The program was first authorized in 2000 and was expanded as part of the 2002 Farm Bill to include inherently value-added production, such as organic crops or grass-fed livestock, and expanded again in the 2008 Farm Bill to include locally produced and marketed food products and "mid-tier value chains" (see below).

Grants may be used to fund one of the following two activities:

- Develop business plans and feasibility studies (including marketing plans or other planning activities) needed to establish viable marketing opportunities for value-added products; or
- Acquire working capital to operate a value-added business venture or alliance. Working capital applications generally must be supported by an independent feasibility study as well as a business plan.

Grant funds may not be used for repair, acquisition, or construction of a building or facility or to purchase, rent or install fixed equipment. Cash and/or in-kind matching funds are required; must be at least equal to the amount of Federal funds awarded; and must be expended in advance, such that for each grant dollar advanced, an equal amount of match shall have been expended first.

The program is administered by the Cooperative Division of USDA's Rural Business Cooperative Service and grant applications are first screened through each state's USDA Rural Development Office.

Most Recent VAPG Grant Year Funding Info – FY 2008	
Estimated Total Program Funding	$18.4m in competitive grant funds for fiscal year 2008
Range of Awards	$100,000 for planning grants and $300,000 for working capital grants
Average Grant Amount	$130,000
Cost Sharing Requirements	Matching funds required

2008 Farm Bill Changes

The 2008 Farm Bill makes the following changes to the VAPG Program:

- The definition of a value-added agricultural product now includes — in addition to one that has been processed, segregated, produced with inherently value-added characteristics, and/or is a source of farm or ranch-based renewable energy — an agricultural commodity or product that is aggregated and marketed as a **locally-produced agricultural food product**.
- Farmers can now be funded under the program for the development of "mid-tier value chains," which the farm bill defines as local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that:
  - targets and strengthens the profitability and competitiveness of small and medium sized family farms and ranches; and
  - enter into an agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority

controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

- The mid-tier value chain provision is aimed at assisting farmers and ranchers who are too large or remote to engage substantially in marketing directly to consumers but too small to profitably engage in high volume, low margin raw commodity production. It is intended to capitalize on the increasing demand for high quality products from family farms adhering to strong environmental and social values.

- USDA will now be offering a **simplified application form and process for small projects** requesting less than $50,000. Many of the smaller grants are single farmer projects or lower cost feasibility studies, for which larger-scale working capital applications are unnecessarily complex.
- In making grant awards, USDA will now be granting priority to projects that increase opportunities for (1) **beginning farmers or ranchers**, (2) **socially disadvantaged farmers or ranchers,** or (3) **other operators of small- and medium-sized family farms and ranches**.
- Two 10 percent **funding set-aside categories** were established, one for mid-tier value chain projects, and one for projects creating opportunities for beginning or socially disadvantaged farmers or ranchers. The set-asides are intended to ensure that these objectives are more likely to be supported. If not enough projects are proposed in these categories, the funds set-aside will be returned to the basic pool. Please refer to the funding section below for additional details.

Section 6202 of the Food, Conservation, and Energy Act of 2008 amends Section 231 of the Agricultural Risk Protection Act of 2000, to be codified at 7 U.S.C. 1621 note.

Funding

The 2008 Farm Bill authorizes $15 million in mandatory funding for the VAPG program as well as an additional $40 million a year in discretionary funding. Under existing budget rules, this could theoretically make $55 million a year available for VAPG grants.

The FY 2009 appropriations bill has not passed Congress as this guide goes to press, so the FY 2009 funding level for VAPG is not yet known. However, the funding level for the program in 2009 and in each fiscal year through 2012 is expected to be more than the $15 million in mandatory farm bill funding and less than the $40 million level authorized for discretionary funding for the program. In recent years, the program has received between $15 and $21 million in the annual agricultural appropriations bill.

No matter the funding outcome year-to-year, 10 percent of the total each year will be reserved for mid-tier value chain projects, and another 10 percent will be reserved for projects benefiting beginning or socially disadvantaged farmers and ranchers.

Implementation Basics

As an annual competitive grants program, a Notice of Solicitation of Applications (NOSA) is issued each year for VAPG by USDA's Rural Business Cooperative Service through the Federal Register. The NOSA describes the program, application procedures, and any particular emphases of the program for that particular year.

There is also a federal rule which guides program implementation. New rules will be written to reflect the changes made in the 2008 Farm Bill but the timeline for these is unknown. It is not clear whether they will be issued before, at the same time, or after the new FY 09 NOSA. The NOSA for fiscal year 2009 grants will likely be issued late in 2008 or early 2009, with a several month turnaround time for submitting full applications.

Types of Valued-Added Activities Eligible for Grants

Applications accepted for planning or working capital for any of the following:

Commodity Processing - Increasing value by changing commodity's physical state
Examples: wine, flour, cheese, jam, biodiesel

Market Differentiation - Increasing value by marketing the commodity's special identity or character
Examples: organic, grass-fed, humane, state branding

Commodity Segregation - Increasing value by keeping the commodity physically apart in production and distribution
Examples: GMO-free, no-rBGH, Varietal purity

On-Farm Renewable Energy - Realizing value by transforming natural resources into energy on the farmstead
Examples: wind, solar, geothermal, on-farm biodiesel

Local Food - Increasing value by aggregating and marketing food for local markets.
Examples: buy local buy fresh, community based food enterprises, supplying local procurement preferences

Mid-Tier Value Chain - Increasing value by linking farmers with local and regional supply networks in which they are equal partners
Examples: farm to institution, farm to food service or restaurant, using a consumer seal

Examples of Past Grant Recipients

Nebraska Small Farms Cooperative, Oneill, Nebraska
The Nebraska Small Farms Cooperative received a $250,000 grant in 2004 to expand its product line and market overseas. The coop has grown from 29 farmers/members in 2004 to over 90 today. It markets pre-cooked, USDA verified, non-hormone treated meat to businesses in the U.S. and Europe. Not only has the coop passed value-added profits back to farmers, but its success has also spilled over to a local meat processing plant as annual processing contracts were signed to benefit both parties.

Pinn-Oak Ridge Farm, Delavan, Wisconsin
www.wisconsinlamb.com/
In 2005, Steve and Darlene Pinnow received a $150,000 grant to brand and direct market their pasture-raised lamb. It has allowed them to expand their market from 40 restaurants and grocery stores to 60 retailers in Wisconsin and Illinois. The Pinnows are now working with a distributor in Chicago who learned about their pastured lamb from the USDA announcement of their VAPG grant.

Ives Cream, Norwich, New York
www.ivescream.biz/ivesstory.htm
The Ives family operates a sustainable dairy farm that has been handed down through six generations. With the help of a $47,550 VAPG grant in 2004, they planned and executed a successful marketing campaign for their premium ice cream. Today, they operate a seasonal retail ice cream parlor in downtown Norwich, NY where great locally-produced ice cream, customer service, and a community focus have proven to be a winning business combination.

Prairie Pride, Inc., Deerfield, Missouri
www.prairieprideinc.us
This new-generation producer cooperative converts soybean oil into bio-diesel fuel with the help of a $300,000 working capital grant. The new facility crushes 21,000,000 bushels of soy beans per year to obtain soy oil. The refinery converts that soy oil into 30,000,000 gallons of bio-diesel.

USDA Contact Information and Online Resources

USDA website for the VAPG Program:
www.rurdev.usda.gov/rbs/coops/vadg.htm.

An online assessment tool is available at *www.rurdev.usda.gov/rbs/coops/vapgea.htm* that will assist you in determining whether or not you are eligible to apply for a VAPG grant.

Gail Thuner, USDA VAPG Program Manager,
gail.thuner@wdc.usda.gov, 202-690-2426

Farmers' Market Promotion Program

Program Basics

The Farmers' Market Promotion Program (FMPP) aims to increase and strengthen direct producer-to-consumer marketing channels. Through a competitive grants application process, FMPP funds marketing proposals for community-supported agriculture programs, farmers' markets, roadside stands, and other direct marketing strategies.

Specific grant uses include developing relevant financial and marketing information, business planning, improving market access and education for consumers, organizing markets and direct marketing networks, and supporting innovative approaches to market management and operations. Priorities for the 2008 grant cycle included:

- Training and educational programs for new farmers;
- Strategies for creating innovative partnerships and networking; and
- Programs for professional development of farmers' market managers, vendors, and organizations.

Entities that are eligible for FMPP grants are groups of farmers, non-profit corporations, agricultural cooperatives, local governments, economic development corporations, regional farmers' market authorities, public benefit corporations, and Tribal Governments.

The program is administered by USDA's Agricultural Marketing Service (AMS). To date, AMS has instituted a maximum grant award limitation of $75,000.

2008 Farm Bill Changes

The 2008 Farm Bill makes the following changes to the Farmers' Market Promotion Program:

- Agri-tourism activities are included in the activities that the program supports;
- Producer networks and associations are eligible to receive a FMPP grant;
- No less than 10 percent of the funds for the FMPP will be used to support the use of electronic benefit transfers for Federal nutrition programs (food stamps and Women, Infants and Children Program) at farmers' markets and community-supported agriculture enterprises; and
- The Statement of the 2008 Farm Bill Managers clarifies that FMPP grants are intended to support all forms of direct marketing, including organizing, marketing, training, business plan development, community outreach and education, and other associated activities designed to establish or improve direct marketing opportunities for farmers, ranchers, and the consumers that they serve.

Section 10106 of the Food, Conservation, and Energy Act of 2008 amends Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976, to be codified at 7 U.S.C. Section 3005.

Funding

In the 2008 Farm Bill, funding for FMPP became mandatory for the first time, with an eleven-fold increase over previous discretionary levels. The program now has $33 million over 5 years in mandatory funding divided in the following manner:

Farmers' Market Promotion Program (FMPP) Funding	
2008	$3 M
2009	$5 M
2010	$5 M
2011	$10 M
2012	$10 M

At least 10 percent of funds shall be used to support the use of electronic benefits transfers for federal nutrition programs at farmers' markets and community-supported agricultural enterprises.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at *less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.*

Implementation Basics

Each year, the USDA posts a Notice of Funds Availability (NOFA) in the Federal Register to announce the beginning of a new grant cycle for FMPP. The NOFA for FY 2009 is expected to be posted in early 2009. The Interim Final Rule for the new program is also expected to be posted in the Federal Register in early 2009 and will have a public comment period. The new rules will not go into effect until the following round of grants beginning in FY 2010.

Examples of Past Grant Recipients

City of West Lafayette, Indiana received $38,000 in 2007 to establish a "Green and Lean" marketing program at the Sagamore West Farmers' Market that will include an advertising campaign with educational materials for vendors and consumers to promote healthy eating, physical fitness, and personal safety.

Small Farm Institute of Fresno, Ohio received $32,572 in 2007 to help grass-fed beef producers market their products directly to consumers at farmers' markets by conducting a series of workshops to identify strategies for production, processing, preparation, and marketing grass-fed beef products.

Oklahoma Black Historical Research Project, Inc. of Wewoka, Oklahoma received $62,270 in 2007 to establish, promote and manage the Eastside Farmers' Market in an inner-city Oklahoma City neighborhood, and train more than 250 small, limited-resource farmers in 44 counties to market their produce at farmers markets throughout the state.

Community Involved in Sustaining Agriculture, Inc. (CISA), of South Deerfield, Massachusetts received $61,275 in 2006 to develop a new direct marketing channel for farmers by creating community supported agriculture programs at workplaces in western Massachusetts, while providing training and hands-on agricultural production and marketing experiences for new immigrant farmers and other small-scale agriculture producers.

USDA Contact Information and Online Resources

USDA Agricultural Marketing Service:
www.ams.usda.gov/FMPP

Carmen Humphrey, Program Leader for FMPP, Marketing Services Division, USDA-AMS
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Errol Bragg, Director of Marketing Services Division, USDA-AMS, *errol.bragg@usda.gov*, 202-720-8317

Debra Tropp, Branch Chief of Farmers Market and Direct Marketing Research, Marketing Services Division, USDA-AMS, *debra.tropp@usda.gov*, 202-720-8326

Local and Regional Food Enterprise Guaranteed Loans

Program Basics

The 2008 Farm Bill creates new loan and loan guarantee authority for local and regional food enterprises through the Business and Industry (B&I) Loan program administered by the Rural Development branch of USDA. While the authority allows USDA to make or guarantee loans, the B&I program currently is entirely federal guarantees of commercial loans.

The purpose of the B&I program in general is to help improve, develop, or finance businesses and employment in rural areas by bolstering the existing private credit market through federal guarantees. The purpose of the local and regional food subprogram is to support farm and ranch incomes as well as the renewal of local food system infrastructure and community development.

Loans can be used to support and establish enterprises that process, distribute, aggregate, store, and market foods produced either in-state or transported less than 400 miles from the origin of the product. Individuals, cooperatives, cooperative organizations, businesses, and other entities are eligible for these loan guarantees.

Loans may be used for business conversion, enlargement, modernization, purchase and development of land, buildings, facilities, purchase of equipment, machinery, supplies, inventory, and similar purposes, and may also be used for business acquisitions when the loan will keep a business from closing or prevent the loss of employment or expand job opportunities.

Priority will be given to projects that in some way benefit communities that have limited access to affordable and healthy foods and that have a high rate of hunger, food insecurity, or poverty.

The recipient of the loan or loan guarantee is required to inform consumers in some way of the locally- or regionally-produced attribute of the food products.

The maximum loan guarantee is 80 percent for loans of $5 million or less, 70 percent for loans between $5 and $10 million, and 60 percent for loans exceeding $10 million. Generally loans to a single borrower are capped at $10 million, though several exceptions apply.

B&I loans are generally available only in rural areas, which include all areas other than towns of more than 50,000 people and those contiguous or adjacent to urbanized areas. Grants may be made to cooperatives for value-added processing facilities in non-rural areas provided they service agricultural producers within 80 miles of the facility and help improve producer income.

2008 Farm Bill Changes

The 2008 Farm Bill establishes that local and regional food enterprises are eligible for loans and loan guarantees to establish and facilitate the growth of local and regional food markets under the B&I program; defines for the first time in statute what locally or regionally produced means; and reserves at least 5 percent of B&I funding each year for this purpose.

Section 6015 of the Food, Conservation, and Energy Act of 2008 creates the Locally or Regionally Produced Agricultural Food Products program by amending Section 310B(g) of the Consolidated Farm and Rural Development Act, to be codified at 7 U.S.C. Section 1932(g).

Funding

Not less than five percent of the annual appropriation for the B&I Loan program is made available by the 2008 Farm Bill to fund the local and regional food enterprise loan guarantees. At current appropriations funding levels for the B&I program of $1 billion a year, this equals $50 million per year in guaranteed loan volume for fiscal years 2009-2012 and thereafter.

Implementation Basics

A revised rule for the B&I program is required before the food enterprise subprogram can go into effect. USDA is proceeding with an interim rule that will cover B&I and other rural development guaranteed loan programs that will include local and regional food enterprises and will hopefully be promulgated before the end of calendar year 2008.

Loan applications will then be available from local USDA Service Centers and are submitted to the USDA Rural Development State Office. Potential borrowers will work directly with their commercial lending source to develop a loan package that can then be submitted as a candidate for the federal guarantee. The guarantee helps banks, credit unions, and other lenders provide loans to businesses that might not otherwise meet their underwriting standards.

Outreach to eligible entities, including processors, wholesalers, distributors, as well as to community and independent bankers, is critical to ensuring this new program is used. The program will get off the ground if local farm and food groups and business and community development networks, as well as USDA rural development offices, engage in and coordinate publicity and outreach efforts.

USDA Contact Information and Online Resources

Rural Development, Business, and Cooperative Programs; Business and Industry Guaranteed Loans website: *www.rurdev.usda.gov/rbs/busp/b&i_gar.htm*.

Carolyn Parker, Director, Business and Industry Division, *carolyn.parker@wdc.usda.gov*, 202-690-4103

Rural Development State Offices: *www.rurdev.usda.gov/recd_map.html*, 1-800-670-6553

Rural Microentrepreneur Assistance Program

Program Basics

The Rural Microentrepreneur Assistance Program (RMAP) is a new USDA Rural Development program created in the 2008 Farm Bill that will provide entrepreneurs in rural areas with the skills necessary to establish new businesses and continue operation of existing rural microenterprises.

RMAP provides loans and grants to Microenterprise Development Organizations (MDOs), which in turn provide technical services and distribute microloans to rural microentrepreneurs. The MDOs are not required to be located in a rural area to be eligible to participate, but microentrepreneurs must be. Microenterprises may be, but do not have to be, food or agriculture-related.

A few MDOs have already been successful at assisting microentrepreneurs with starting businesses in rural areas. Lenders and entrepreneurs have received funds through other USDA programs such as the Intermediary Relending Program or Rural Business Enterprise Grants, through the Small Business Administration's Microenterprise Assistance Program, or through private, philanthropic, or venture capital funds. The SBA program is generally fully subscribed and provides rural microenterprise assistance in only one state. RMAP now gives USDA the funds to fill that void.

MDOs can include nonprofit entities, Indian tribes, or public institutions of higher education. They must facilitate access to capital and have a demonstrated record or future plan of delivering vital services to rural microentrepreneurs.

The RMAP program provides three categories of funding through MDOs in either loans or grants:

- **Loans to microentrepreneurs through MDOs** provide fixed interest rate microloans of less than $50,000 to rural entrepreneurs for the development of startup or successful microenterprises in rural areas. Loans through MDOs cannot exceed a twenty-year timeframe and need to bear an annual interest rate of at least 1 percent. Each MDO must establish a loan loss reserve fund and keep at least 5 percent of the outstanding loan balance in reserves. Through MDOs, RMAP will particularly assist rural sole proprietorships or businesses with less than ten employees which could not obtain funding from other lending sources due to lack of credit or limited business development experience.
- **Grants to support microenterprise development** provide funding to MDOs to provide training, operational support, business planning, market development assistance, and other services to rural microentrepreneurs. Grants will be targeted to organizations that serve microenterprises in rural areas that have suffered significant outward migration. To the greatest extent possible, USDA is directed to ensure that recipients will be organizations of varying sizes and those that serve racially and ethnically diverse populations.
- **Grants to assist microentrepreneurs** provide funding to MDOs to provide marketing, management, and other technical assistance to microentrepreneurs who have already received or applied for a loan through section (1) above. The maximum annual grant award can be no more than 25 percent of the organization's outstanding microloan balance. This assistance could include but is not limited to networking, online collaboration and marketing, grant-writing, entrepreneurship workshops or conferences.

First Year in RMAP Funding - FY 09	
Estimated Total Program Funding	$4m in grants and loans for fiscal year 2009
Average Microloan	$12,300*
Cost Sharing Requirements	• Federal share of the cost of a project funded by this program cannot exceed 75% of the total cost. • MDOs must match at least 15% of the total amount of grants in the form of matching funds, indirect costs, or in-kind goods or services. • The non-federal share of the cost of a project funded by this program may be provided in cash or in the form of in-kind contributions.

*Indicates information for Small Business Administration Microloans as of 2005. No information is available specifically for RMAP because it is a new farm bill program.

2008 Farm Bill Changes

This is a new farm bill program.

Section 6022 of the Food, Conservation, and Energy Act of 2008 amends Subtitle D of the Consolidated Farm and Rural Development Act to establish a new Rural Microentrepreneur Assistance Program, to be codified at 7 U.SC. Section2008s.

Funding

The 2008 Farm Bill authorizes $15 million in mandatory funding over four years for the RMAP program. The program is also authorized to receive up to an additional $40 million a year in discretionary funding.

Rural Microentrepreneur Assistance Program (RMAP) Funding	
2008	–
2009	$4m
2010	$4m
2011	$4m
2012	$3m

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

The RMAP program will most likely be administered as a national program through USDA Rural Development's Business Programs Office. Networks of rural community development organizations have urged USDA to issue program guidance on RMAP soon so that the $4 million in mandatory funding provided for FY 2009 can be obligated. USDA Rural Development's Business Programs Office plans to hold a listening conference during the fall of 2008 in anticipation of rulemaking. After the conference notice is posted in the Federal Register, the listening conference will be held 30 days later. Interim regulations and a Notice of Funding Availability could be issued before the end of 2008.

Examples of Current Microenterprise Development Organizations

Center for Rural Affairs
www2.cfra.org/reap/loan_programs.htm
The Center for Rural Affairs in Lyons, NE, has been operating its Rural Enterprise Assistance Project (REAP) since 1990. REAP is a microenterprise program "that delivers small business training, networking, one-on-one technical assistance, and micro lending to businesses that are members of a REAP 'association' or members of the REAP Individual Program."

NC Rural Economic Development Center
www.ncruralcenter.org/loans/micro.htm
North Carolina Rural Economic Development Center, Inc.'s Business Loan Program has been providing loans to rural small businesses since 1989. Their Microenterprise Loan Program works in partnership with small business centers at local community colleges and technology development centers to provide technical assistance and business planning to microenterprises.

Example of a Current Microloan Program

Lil' Ladybug
www.littleladybuggardens.com
With the help of the Association for Enterprise Opportunity's cash equity microloan of $2,000 and the Center for Rural Affairs' REAP training sessions, Karen Runkle of Hay Springs,

NE, started a tomato marketing business called Lil' Ladybug. The microenterprise is marketing tomatoes indirectly to farmers' markets and Community Supported Agriculture programs and directly from her greenhouse to consumers.

The Quilter's Cottage
www.quilterscottage.net
Phyllis Hamaker opened The Quilter's Cottage in January, 2001 after purchasing inventory and remodeling the space with her husband. After purchasing more inventory, however, she found that she needed additional working capital to make improvements to the store. A REAP loan was approved in 2004, and the business continued to grow. Hamaker has now expanded to an even larger building where she teaches quilting classes and continues to sell her artwork.

USDA Contact Information and Online Resources

A website specifically for RMAP has not yet been launched, but will likely be located with other USDA Rural Development Business Programs at this site: *www.rurdev.usda.gov/rbs/busp/bpdir.htm*.

Jody Raskind, Director, Specialty Lenders Division, USDA Rural Development – Business Programs, *jody.raskind@wdc.usda.gov*, 202-720-1400

Interstate Shipment of State-Inspected Meat and Poultry

Basic Provision

Before enactment of the 2008 Farm Bill, the Federal Meat Inspection Act and Poultry Products Inspection Act prohibited selling state-inspected meat and poultry products (beef, poultry, pork, lamb and goat) across state lines. This regulation was in sharp contrast to other state-inspected food products (milk, dairy products, fruit, vegetables, fish and shellfish) that are freely marketed across the country. Furthermore, meat and poultry products from 34 foreign countries can also be freely shipped and sold anywhere in the United States. Even "non-amenable" products - such as venison, bison, pheasant, quail, rabbit and others - can be shipped across state lines without restriction even though these products are normally regulated by state inspection programs.

The federal restrictions on interstate shipment of meat and poultry was a burden on small farmers and ranchers, who may not live near small-scale federally-inspected meat and poultry plants and are often shut out of large-scale federally-inspected plants, because they do not have contracts with the processors or because they deliver relatively small lots at one time for processing.

Twenty-eight states currently have meat and poultry inspection programs. They serve more than 2,000 state-inspected meat processors, which are mostly small, family-owned businesses often providing processing services for smaller-scale farms or for specialized, niche markets such as grass-fed beef or pasture-raised pork.

2008 Farm Bill Changes

A new provision allows for the interstate shipment of meat and poultry and their products from certain small state-inspected packing and processing establishments.

The new provision does not allow for the interstate shipment of all meat and poultry that have been inspected by state agencies under state law. The new system creates a hybrid federal-state process, with the following features:

- In states with state-inspected meat and poultry programs, USDA is authorized to select meat and poultry processing establishments, which previously operated under state inspection laws and want to sell their products in interstate commerce, to participate in the new inspection program.
- Under the new program, USDA will designate a federal employee as a state coordinator for each state agency that has a state meat or poultry inspection program. Although the meat and poultry are inspected by state-employed inspectors, the federally-employed state coordinator will oversee the training and inspection activities of state agency personnel; assure that meat and poultry processing plants are in full compliance with the Federal Meat Inspection Act and the Poultry Products Inspection Act; and report to USDA on the status of the processing operations.
- Meat and poultry inspected in the new program will use a federal mark, stamp, tag or label of inspection.
- The new program will be open to meat and poultry processors with up to 25 employees.
- USDA may also develop a procedure to help establishments that employ between 26-35 employees to transition to federal inspection in order to ship their products in interstate commerce.
- USDA is required to reimburse the states for at least 60 percent of the costs related to inspection of the meat and poultry processors selected for the new inspection program.
- USDA is required to establish an inspection training division within the Food Safety Inspection Service to coordinate initiatives to provide outreach, education, and training to small or very small establishments. USDA will provide funding to state agencies to provide outreach, technical assistance, education, and training to small or very small establishments.
- USDA's Office of Inspector General is required to conduct periodic audits to assure plants operating under Title V of the Federal Meat Inspection Act are complying with federal requirements.

Section 11015 of the Food, Conservation, and Energy Act of 2008 amends the Federal Meat Inspection Act by adding a new Title V: Inspections by Federal and State Agencies, to be codified at 21 U.S.C. Section 683 and amends the Poultry Products

Inspection Act by adding a new Section 31, to be codified at 21 U.S.C. Section 472.

Funding

Funding for implementation of the new hybrid program will be a function of the annual agriculture appropriations bill. Some of the functions included in the new provision are already provided for in current appropriations, but others will represent new additional spending. The new state coordinators and new inspection training division in particular will require enhanced appropriations in the coming years.

Implementation Basics

The 2008 Farm Bill directs USDA to disseminate final regulations for this new meat and poultry inspection program no later than 18 months after enactment of the 2008 Farm Bill.

The Farm Bill requires that the U.S. Government Accountability Office conduct an audit within three to five years after implementation.

USDA Contact Information and Online Resources

The USDA website for the Food Safety Inspection Service is *www.fsis.usda.gov*.

A listing of the 28 states with state inspection programs is at: *www.fsis.usda.gov/regulations_&_Policies/Listing_of_Participating_States/index.asp*.

For FSIS office locations and phone numbers, see: *www.fsis.usda.gov/Contact_Us/Office_Locations_&_Phone_Numbers/index.asp*.

For information about Interstate Sales of State-Inspected Meat and Poultry from the National Association of State Departments of Agriculture, see: *www.nasda.org/cms/7196/7357/8552/8613.aspx*.

Community Food Project Grants

Program Basics

The Community Food Project Grants Program (CFP) aims to fight food insecurity by supporting the development of community-based food projects in low-income communities.

The program is administered through the Cooperative State Research, Extension, and Education Services (CSREES) of the USDA and awards grants to projects that:

- Meet the food needs of low-income people;
- Increase self-reliance of communities in providing for their own food needs;
- Promote comprehensive responses to local farm, food, and nutrition issues;
- Meet specific neighborhood, local, or state agriculture needs, including needs for infrastructure development and improvement;
- Planning for long-term solutions; and
- Create innovative marketing activities that mutually benefit agricultural producers and low-income consumers.

Private non-profit organizations are eligible to receive funding directly, but collaborations with multiple stakeholders or with private and public for-profit entities are recommended. Grants are intended to provide a one-time infusion of federal assistance to establish and carry out projects. Grants may also be for planning projects to assess the food security needs and plan long-term solutions to help ensure food security in communities. The terms of a grant cannot exceed three years.

Most Recent Community Food Project Grant Funding Info – FY 2008	
Estimated Total Program Funding	$4,600,000
Range of Awards	$10,000 - $300,000
Percent of Applications Funded	28%
Cost Sharing Requirements	Dollar for dollar matching required, except for T&TA projects

2008 Farm Bill Changes

The 2008 Farm Bill reauthorizes the CFP program as a permanent program with $5 million a year in mandatory funding.

The 2008 Farm Bill also creates within the CFP program the Healthy Urban Food Enterprise Development Center and authorizes $1 million in annual mandatory funding for three years ($3 million total) for the new Center to provide technical assistance, information, and subgrants for eligible entities that process, distribute, aggregate, store, and market healthy affordable foods. Nonprofit organizations can apply to CSREES to establish such a Center. Cooperatives, commercial entities, agricultural producers, academic institutions and individuals can apply to the Center, once it is established, for subgrants.

Section 4402 of the Food, Conservation, and Energy Act of 2008 amends Section 25 of the Food and Nutrition Act of 2008, to be codified at 7 U.S.C. Section 2034.

Funding

The CFP program receives $5 million per year in mandatory funding. In addition, for three years, there will be an additional $1 million run through the CFP Grants Program for the new Healthy Urban Food Enterprise Development Center.

Community Food Project Grants Funding	
2008	$5m*
2009	$6m
2010	$6m
2011	$6m
2012	$5m

*As this guide goes to print, there is question of whether the FY2008 funding for the CFP Program will be available because of a technical error in writing the bill. Hopefully, Congress will pass a bill to make the technical correction so the 2008 funding can be released.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's

Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

The CFP program is administered by the Cooperative State Research, Education and Extension Service (CSREES). Each year CSREES will release a Request for Applications (RFA) in three places:

- Their website: *www.csrees.usda.gov/fo/communityfoodprojects.cfm*;
- On *www.grants.gov*; and
- Through the Federal Register: *www.archives.gov/federal-register/*.

In some years, a short Letter of Inquiry (LOI) may be required, in which case applicants with acceptable LOIs will be invited to submit full proposals.

A new Request for Applications (RFA) will likely be announced at the beginning of 2009.

A six month public comment period on the RFA is triggered when the RFA is released. During the comment period, recommendations for priority topics for the following year's RFA may be submitted to CSREES.

The Healthy Urban Food Enterprise Development Center will also be administered by CSREES. CSREES will be issuing a proposed Interim Final Rule and a RFA in late 2008 or early 2009. At that time, nonprofit organizations can apply to CSREES for funding to establish the Center. Once the Center is established, it will issue a RFA for sub-granted projects.

Examples of Past Community Food Project Grant Recipients

Rural Community Foods Planning Team
www.dakotarural.org
In 2007, Dakota Rural Action received $15,165 to perform community food assessments, hold community discussions, and create a Rural Community Foods Planning Team. The team conducted community analyses in one community in each of four targeted counties. The goal was to understand the opportunities for and obstacles to increasing the production and consumption of locally-grown foods in the area. The Rural Community Foods Planning team also developed a three-year plan to improve access to healthy, locally-produced foods in the four targeted counties.

Southern Sustainable Agriculture Working Group
www.ssawg.org
In 2006, the Southern Sustainable Agriculture Working Group received a Community Food Project grant of $124,000 to provide training and technical assistance to individuals and groups in the Southern United States who were developing projects that promote sustainable food systems. These included, increasing the capacity of farmers' markets, increasing local food production, promoting "buy local" campaigns, community and school gardening, nutrition and cooking classes, establishing food policy councils, and general public education.

Local Food Systems, Wealth, and Nutrition Project
www.nativeharvest.com
The White Earth Land Recovery Project received a Community Food Project Grant of $150,000 in 2007 to create the Local Food Systems, Wealth, and Nutrition project aimed at increasing local food production systems on the White Earth Reservation by constructing community greenhouses, offering workshops on proper gardening techniques/solutions and seed saving, and expanding Tribal tilling services for community and individual gardens.

USDA Contact Information and Online Resources

The CSREES' Community Food Project Grants Website (will also be the site for further information on the Healthy Urban Food Enterprise Development Center): *www.csrees.usda.gov/fo/communityfoodprojects.cfm* and *www.csrees.usda.gov/nea/food/in_focus/hunger_if_competitive.html*.

Elizabeth Tuckermanty, National Program Leader, Competitive Programs, *etuckermanty@csrees.usda.gov*, 202-401-6488

Organizational Expertise

SAC does not take the lead on the Community Food Projects Grant Program and urges readers to contact the Community Food Security Coalition for information on implementation and outreach work. The Community Food Security Coalition is the leading organization on the CFP Program. Information is on their CFP Grants Website: *www.foodsecurity.org/funding.html*.

Specialty Crop Block Grant Program

Program Basics

The Specialty Crop Block Grant Program (SCBGP) provides grants annually to assist State Departments of Agriculture in enhancing the competitiveness of specialty crops (fruits, vegetables, tree nuts, and nursery crops). To receive grants, States must submit an application and plan outlining how the grant funds would be spent. Each state then can use the funds to supplement state programs or make grant funds available for projects to enhance the competitiveness of specialty crops.

Grant funds cannot be used to solely benefit a single organization, institution, or individual but rather must be used for projects that impact and produce measurable outcomes for the specialty crop industry and/or the public. Examples of project areas that would qualify for funds include, but are not limited to:

- Food safety
- Food security
- Nutrition
- Trade enhancement
- Education
- Research
- Promotion
- Marketing
- Plant health programs
- "Buy local" programs
- Increased consumption
- Enhanced innovation
- Improved efficiency and reduced costs of distribution systems
- Environmental concerns and conservation
- Product development
- Cooperative development.

2008 Farm Bill Changes

The new farm bill replaces the authorization for appropriations for this program in previous law with mandatory funding. The minimum grant each state is eligible to receive under the program was amended from $100,000 to an amount that is equal to the higher of $100,000 or 1/3 of 1 percent of the total amount of funding made available for the fiscal year. Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands were added as eligible states and the definition of specialty crops was expanded to include horticulture.

Section 10109 of the Food, Conservation, and Energy Act of 2008 amends Section 3 and Section 101 of the Specialty Crops Competitiveness Act of 2004, to be codified at 7 U.S.C. Section 162.

Funding

The program has relied on appropriations every year since its inception, but with passage of the 2008 Farm Bill, will now receive mandatory funding.

Specialty Crop Block Grant Program Funding	
2008	$18.4 M*
2009	$49 M
2010	$55 M
2011	$55 M
2012	$55 M

*The 2008 Farm Bill only provides $10 M in mandatory funding for FY 2008, but the program had already received $8.4 M in the FY 2008 Appropriations Bill under its old authorization for appropriations.

Each State Department of Agriculture that submits an application that is reviewed and approved by AMS is guaranteed to receive a minimum of $100,000 or 1/3 of 1 percent of the total amount of funding available for the entire program for that fiscal year. The rest of the funds are then allocated to states based on the proportion of the value of specialty crop production in the state in relation to the national value of specialty crop production.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

In FY 2008, AMS is administering two separate specialty crop block grant programs. The Specialty Crop Block Grant Program (SCBGP) is the pre-2008 Farm Bill version of the program. State Departments of Agriculture are eligible to apply for grants under this program until March 5, 2009.

The 2008 Farm Bill version of the program is the Specialty Crop Block Grant Program-Farm Bill (SCBGP-FB). For this program, USDA announced the availability of $10 million in FY 2008 funds, less USDA administrative costs, on July 20, 2008. This funding had a tight turn around time and the date for applications closed on September 8, 2008.

USDA issued the Interim Final Rule for the SCBGB-FB on September 4, 2008 with an effective date of September 5, 2008. USDA took public comments that will be considered as USDA fashions a final rule for the program. The Interim Final Rule establishes grant eligibility and application requirements, the review and approval process, and grant administration procedures for the program consistent with the 2008 Farm Bill.

A copy of the Interim Final Rule for the SCBGP-FB and the announcement of FY 2008 funding for the SCBGP (pre-2008 Farm Bill) is on the AMS website at *www.ams.usda.gov/scbgp.html*.

Examples of Past Grant Recipients

Kansas Department of Agriculture
One of the seven projects the Kansas Department of Agriculture funded with its $102,197 Specialty Crop Block Grant in 2006 was a project working with 30 farmers' markets and five stands to develop a "Buy Fresh/Buy Local" campaign to promote the purchase of fresh, local foods including specialty crops. The project was carried out in partnership with the Kansas Rural Center.
www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5069112

Washington State Department of Agriculture
One of the five projects the Washington Department of Agriculture funded in 2007 with the $182,441 it received was partnering with the Organic Seed Alliance to develop a premium national market for specialty grown organic vegetable seed and launch a Growers Organic Seed Cooperative as a producer-owned business.
www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5069113

USDA Contact Information and Online Resources

The CSREES' Community Food Project Grants Website (will also be the site for further information on the Healthy Urban Food Enterprise Development Center): *www.csrees.usda.gov/fo/communityfoodprojects.cfm* and *www.csrees.usda.gov/nea/food/in_focus/hunger_if_competitive.html*.

Elizabeth Tuckermanty, National Program Leader, Competitive Programs, *etuckermanty@csrees.usda.gov*, 202-401-6488

Senior Farmers' Market Nutrition Program

Program Basics

The Senior Farmers' Market Nutrition Program (SFMNP) is a program that awards grants to States, United States territories, and federally-recognized Indian tribal governments to provide low-income seniors with coupons that can be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agriculture programs. The majority of the grant funds must be used to support the costs of the foods that are provided under the SFMNP. State agencies may use up to 10 percent of their grants to support administrative costs for the program.

The purposes of the SFMNP are to:

- Provide resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers' markets, roadside stands and community supported agriculture programs to low-income seniors;
- Increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers' markets, roadside stands, and community supported agriculture programs; and
- Develop or aid in the development of new and additional farmers' markets, roadside stands, and community supported agriculture programs.

Low-income seniors, generally defined as individuals who are at least 60 years old and who have household incomes of not more than 185 percent of the federal poverty income guidelines (published each year by the Department of Health and Human Services) are the targeted recipients of SFMNP benefits. Some State agencies accept proof of participation or enrollment in another means-tested program, such as the Commodity Supplemental Food Program or Food Stamps, for SFMNP eligibility.

SFMNP benefits are provided to eligible recipients for use during the harvest season. In some States, the SFMNP season is relatively short, because the growing season in that area is not very long. In other States with longer growing seasons, recipients have a longer period of time in which to use their SFMNP benefits.

USDA's Food and Nutrition Service administers the SFMNP grants. However, state agencies are the first point of contact for applicants who wish to receive funding. State agency contacts are listed below under "USDA Contacts."

2008 Farm Bill Changes

The primary change to the SFMNP in the 2008 Farm Bill is the increase in mandatory funding from $15 million per year to $20.6 million per year.

Section 4231 of the Food, Conservation, and Energy Act of 2008 amends Section 4402 of the 2002 Farm Security and Rural Investment Act of 2002, to be codified at 7 U.S.C. Section 3007.

Funding

The 2008 Farm Bill provides $20.6 million for the SFMNP this year, an increase of $5.6 million in mandatory funds. An additional $1.2 million in FY 2007 unspent funds were awarded in 2008. In 2008, 49 state agencies and tribal organizations received funding.

Senior Farmers' Market Nutrition Program (SFMNP) Funding	
2008	$21.8 M
2009	$20.6 M
2010	$20.6 M
2011	$20.6 M
2012	$20.6 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the *funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.*

Implementation Basics

USDA provides SFMNP funding to states and tribal organizations who submit an approved plan to their state office. Previous grantees are guaranteed the same level of funding they received in the last fiscal year, as long as they spent 80 percent of their prior grant, and their new annual state plan is approved. Provided that funding is available after allocation of funds to former recipients, 75 percent of the remaining funds go to expand current programs, and 25 percent goes to new states. State plans need to be submitted to state offices by December 1, 2008. USDA anticipates releasing SFMNP funding in February.

Examples of Past Grant Recipients

The Maine Senior FarmShare Program, received funding to provide fresh, unprocessed, locally grown produce at no cost to low-income seniors, who receive community supported agriculture shares from local farms through the program.

The Alabama Farmers Market Authority, received funding to provide vouchers to seniors to buy fresh fruits and vegetables from farmers, farmers' markets and farm stands in every county in the state.

USDA Contact Information and Online Resources

USDA Food and Nutrition Service, Agricultural Marketing Service: *www.fns.usda.gov/wic/SeniorFMNP/SFMNPcontacts.htm*

Donna Hines, WIC at FNS Headquarters, Supplemental Food Programs, USDA Division of Food and Nutrition Service, *donna.hines@fns.usda.gov*, 703-305-2746

For a list of all State and Tribal Agency contacts for SFMNP, see: *www.fns.usda.gov/wic/SeniorFMNP/SFMNPcontacts.htm*

Photo: Jerry DeWitt

Organic Production

Despite the fact that organic agriculture is one of the fastest growing sectors of American agriculture, the U.S. is currently experiencing a domestic shortfall of organically-produced food. Consumer demand continues to outpace supply and we therefore rely on increasing imports to meet demand. Interest in domestic organic production is high, but many farmers are deterred from converting to organic production systems because of the high costs and technical barriers associated with conversion and organic certification.

Considering the enormous potential organic practices have to create economic opportunities for small and mid-sized farms, increase farm revenue in our rural communities, preserve and enhance the environment, and provide nutritious food to our citizens, federal policies aimed at assisting farmers' and ranchers' transition to organic production should be a priority.

Fortunately, the 2008 Farm Bill takes significant steps to provide expanded assistance for organic producers and those who would like to transition to organic production. SAC and its members were successful in the fight to increase the funding level and maximum per-farm payments available for the ***National Organic Certification Cost Share Program***, a SAC initiative from the 2002 Farm Bill. They also helped to create the new ***Organic Conversion Assistance*** sub-program within the ***Environmental Quality Incentives Program*** that will provide conservation funding and technical assistance for farmers wanting to transition to organic production.

Additional efforts were made by SAC and others to remove penalties assessed to organic farmers in the ***federal crop insurance program***, though rather than fixing the problem outright as we had proposed, the farm bill instead creates a process through which the penalties might be removed in the future. We will monitor that process closely and we hope it comes to fruition quickly. If it does, future editions of this *Guide* will then be able to include a new section on improved crop insurance provisions for organic farmers.

Major new funding for the ***Organic Agriculture Research and Extension Initiative*** is included in the research chapter of this *Guide.* Also, please note the special organic farming provisions included in other farm bill programs discussed in this *Guide*, including the:

- *Conservation Security Program*
- *Environmental Quality Incentives Program*
- *Conservation Reserve Program Transition Option, and*
- *Conservation Loans.*

Finally, other programs in this *Guide* of high relevance to organic production, though without specific organic provisions, include:

- *Value-Added Producer Grants*
- *Farmers' Market Promotion Program*
- *Specialty Crop Research Initiative*
- *Specialty Crop Block Grant Program*
- *Beginning Farmer and Rancher Development Program*
- *Classical Plant and Animal Breeding Research under the Agriculture and Food Research Initiative.*

National Organic Certification Cost Share Program

Program Basics

The National Organic Certification Cost Share Program (NOCCSP) makes financial assistance available to help defray the costs of organic certification for producers and handlers of organic products. Producers and handlers can receive up to 75 percent of their annual certification costs up to a maximum payment of $750 per year.

Handlers in all states, and producers in every state except the 12 Northeast states plus HI, NV, UT, and WY, are eligible to receive cost share assistance under this program. A separate but nearly identical program called the Agricultural Management Assistance Program provides cost share assistance to producers in the 12 Northeast states plus HI, NV, UT, and WY.

In either case, the assistance is made available to producers and handlers through State Departments of Agriculture. Recipients must be certified by a USDA accredited certifying agent under the National Organic Program.

2008 Farm Bill Changes

The 2008 Farm Bill reauthorizes the NOCCSP and provides an almost five-fold increase in mandatory funding for the program, from $5 million to $22 million. The maximum annual payment per operation was increased from $500 to $750.

A reporting requirement was also added, requiring the Secretary of Agriculture to submit a report to Congress by March 1 of each year describing the requests by, disbursements to, and expenditures for each State under the program during the current and previous fiscal year, including the number of producers and handlers served by the program in the previous fiscal year.

Section 10301 of the Food, Conservation, and Energy Act of 2008 amends Section 10606 of the Farm Security and Rural Investment Act of 2002, to be codified at 7 U.S.C. Section 6523.

Funding

The farm bill makes $22 million in mandatory funding available beginning in FY 2008 until expended. That amount is expected to be sufficient to cover all producer and handler requests for funding through the life of this farm bill (2008-2012). The $22 million in funding is in addition to $1.5 million (a $0.5 million increase over last year's funding) that is available for the nearly identical but supplemental Agricultural Management Assistance Program solely for producers (but not handlers) in the 12 Northeast states plus HI, NV, UT, and WY.

Organic Certification Cost Share Program Funding

	2008	2009	2010	2011	2012
NOCCSP	$22m	*	*	*	*
AMA	$1.5m	$1.5m	$1.5m	$1.5m	$1.5m

* The $22 million for NOCCSP will remain available to be spent as needed throughout the farm bill cycle through 2012.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

The Agricultural Marketing Service (AMS) will provide funding to State Departments of Agriculture. Producers and handlers will need to then apply to their respective State Departments of Agriculture to receive cost share funds. Generally, organic certifiers will be able to assist producers in applying for assistance.

A Federal Register notice announcing the availability of FY 2008 funds and requesting applications from states was published on September 22, 2008 for the NOCCSP and August 28, 2008 for the Agricultural Management Assistance Program.

AMS will likely institute new reporting requirements for states, so that AMS can meet the reporting requirements directive included in the 2008 Farm Bill. AMS is also hiring a new employee specifically responsible for running the cost share program.

USDA Contact Information and Online Resources

The AMS of the USDA manages the National Organic Certification Cost Share Program.

Currently the AMS website (*www.ams.usda.gov*) maintains a section devoted to the smaller, regional program but provides no information for the larger National Organic Certification Cost Share Program.

Bob Pooler, Agricultural Marketing Specialist, National Organic Program, *Bob.Pooler@usda.gov*, 202-720–3252

Producers and handlers should contact their certifiers for additional information, or contact their State Department of Agriculture's organic program. A complete list of state contacts is available from the National Association of State Organic Programs at *www.nasda.org/nasop/*.

Organic Conversion Assistance in the Environmental Quality Incentives Program

Program Basics

Agricultural producers can receive conservation financial and technical assistance for organic systems through the Environmental Quality Incentives Program (EQIP). Prior to the 2008 Farm bill, a few pioneering states had been using their EQIP programs to provide special assistance to organic producers for years. The 2008 Farm Bill now authorizes nationwide use of EQIP funding for organic production and transition to organic production. Farmers who are embracing organic production for the first time, as well as farmers who are expanding their organic crop production or increasing the size of organically-managed livestock or poultry operations, are eligible for the EQIP assistance.

Farm Bill Changes

The 2008 Farm Bill establishes the new Organic Production and Transition Assistance as an option within EQIP. EQIP in general provides technical and financial assistance for the implementation of conservation practices. Financial assistance can cover up to 75 percent of the costs associated with planning, design, materials, equipment, installation, labor, management, training, or income forgone, except that beginning and socially disadvantaged farmers and ranchers are eligible for up to 90 percent. EQIP operates on a continuous sign-up basis throughout the year, with applications ranked and contracts awarded at specific intervals.

Producers who agree to develop and carry out an organic system plan and pursue organic certification through USDA's National Organic Program can receive up to $20,000 per year with payments not to exceed $80,000 during any 6-year period for financial assistance in implementing conservation practices related to the transition to organic production.

The $20,000 a year limit does not include any payments the producer may receive for technical assistance. Technical assistance can be provided directly by the Natural Resource Conservation Service (NRCS), indirectly through a cooperative agreement with other agencies and nongovernmental organizations, or through a payment to the producer to use for an approved third-party technical assistance provider. However it is provided, USDA is required to make available an adequate and appropriate range of technical assistance for those involved with organic production.

USDA may cancel or otherwise nullify an EQIP contract to provide organic production or organic transition payments if the producer is not pursuing organic certification or is not in compliance with requirements of the National Organic Program.

Section 2503 of the Food, Conservation, and Energy Act of 2008 amends Section 1240B of the Food Security Act of 1985 to add a new subsection concerning payments for conservation practices related to organic production, to be codified at 16 U.S.C. Section 3839aa-2(i).

Funding

No specific dollar amount was set aside out of the total EQIP funding to provide organic conversion assistance in the 2008 Farm Bill, but to ensure that the provision is implemented nationwide, USDA may decide to set aside a specific amount for organic conversion assistance. If no specific dollar amount is set aside, an unknown amount of money will flow from the general EQIP funding pool to provide organic production and organic transition assistance. Future editions of this guide will contain additional information on this point as it becomes available from USDA.

The 2008 Farm Bill substantially increases the total funding available for the EQIP program, which should bode well for there being more than adequate funding for organic conversion. Total funding provided by the new farm bill for EQIP is as follows:

Environmental Quality Incentives Program (EQIP) Funding	
2008	$1,200 M
2009	$1,337 M
2010	$1,450 M
2011	$1,588 M
2012	$1,750 M
5 year cost	$7,325 M
10 yr cost	$16,075 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

The Natural Resources Conservation Service will manage the implementation of this new authorization as part of EQIP. An EQIP interim final rule, which will include the details of organic production and organic transition assistance, is expected to be released in Fall 2008. The public will have a period of time (likely 60 days) to comment on it. When EQIP sign-ups are announced, producers will need to navigate the EQIP application process to apply for conversion assistance.

USDA Contact Information and Online Resources

The Natural Resources Conservation Service's website for EQIP is *www.nrcs.usda.gov/PROGRAMS/EQIP/*.

Edward Brzostek, NRCS EQIP Specialist,
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Photo: Washington State Conservation Commission

Sustainable and Organic Research

The nation's investments in agricultural research profoundly affect the future of our food and farming system. But while consumer demand for organic and sustainably-produced foods is steadily rising, public funding for associated research and extension has been slowly eroding. For instance, the U.S. retail market share of organic foods was approaching 3.5 percent, at the same time that USDA's research and extension expenditure for organic agriculture was less than 1.5 percent of its total research budget. The total investment in sustainable agriculture and development is still a tiny fraction of the over $2.5 billion annual federal investment in food and agriculture research.

Thanks to an outpouring of grassroots pressure, the 2008 Farm Bill takes a few important steps toward reversing this downward trend, authorizing new national programs and making more resources available for important work on organic and sustainable agriculture research.

The Sustainable Agriculture Coalition worked closely with the Organic Farming Research Foundation and others to successfully win a five-fold increase in mandatory funding for the ***Organic Agriculture Research and Extension Initiative*** in the 2008 Farm Bill. With its new, larger farm bill resources, this organic research program will now be equivalent in size to the ongoing *Sustainable Agriculture Research and Education (SARE)* program, forming a powerful duo to build from in the future.

SAC was also successful in creating four new priorities within the ***Agriculture and Food Research Initiative*** (the new name for a melded National Research Initiative and Initiative for Future Agricultural and Food Systems) – conventional (classical) plant and animal breeding, renewable energy, domestic marketing strategies, and rural entrepreneurship – each of which will hopefully now emerge as new national programs within AFRI. SAC also won continuing support under AFRI for what was previously the IFAFS national program for Small and Medium Sized Family Farms.

Finally, SAC played a small supportive role in establishing the ***Specialty Crop Research Initiative*** *(SCRI)* which will make competitive grant funding available for research and extension projects addressing the needs of the specialty crop industry. Among the subtopics within the five research purposes in the *SCRI* are breeding for food quality and nutrient content, integrated pest management and nutrient management, and addressing threats to pollinators.

Organic Agriculture Research and Extension Initiative

Program Basics

The Organic Agriculture Research and Extension Initiative (OREI) is USDA's flagship competitive grants program specific to organic systems. OREI funds research, education, and extension projects that enhance the ability of producers and processors to grow and market high quality organic agricultural products. State agricultural experiment stations, all colleges and universities, other research institutions and organizations, Federal agencies, national laboratories, private organizations, corporations, and individuals are eligible to apply to receive these grants.

Six legislatively defined purposes have guided grant making under the program since it was first established in 2002. These purposes are:

- facilitating the development of organic agriculture production, breeding, and processing methods;
- evaluating the potential economic benefits to producers and processors who use organic methods;
- exploring international trade opportunities for organically grown and processed agricultural commodities;
- determining desirable traits for organic commodities;
- identifying marketing and policy constraints on the expansion of organic agriculture; and
- conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research relating to production and marketing and to socioeconomic conditions.

The program is administered by USDA's Cooperative State Research, Education, and Extension Service (CSREES). Starting in 2004, CSREES began to group OREI together with the Organic Transitions Research Program to form the Integrated Organic Program (IOP). Both programs retain their identities and funding streams, but CSREES releases one RFA for both programs under the IOP.

Most Recent IOP Grant Year Funding Info – FY 2007	
Estimated Total Program Funding	$4.7 million ($3 million for OREI; $1.7 million for Organic Transitions Program)
Range of Awards	$33,000 - $858,000
Percent of Applications Funded	18%
Cost Sharing Requirements	Matching funds required if the grant provides a particular benefit to a specific agricultural commodity, but requirement may be waived

2008 Farm Bill Changes

The 2008 Farm Bill adds two new grant purposes to the six existing purposes:

- examining optimal conservation and environmental outcomes relating to organically produced agricultural products; and
- developing new and improved seed varieties that are particularly suited for organic agriculture.

Section 7206 of the Food, Conservation, and Energy Act of 2008 amends Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990, to be codified at 7 U.S.C. Section 5925b.

Funding

The 2008 Farm Bill provides a five-fold increase in mandatory funding for the OREI from the $15 million total funding it has received since the 2002 Farm Bill authorization to $78 million total mandatory funding allocated annually in the following way:

Organic Agriculture Research and Extension Initiative Funding	
2008	$3m*
2009	$18m
2010	$20m
2011	$20m
2012	$20m

*Funding for the program for FY2008 remains at $3 million as authorized in the 2002 Farm Bill, but the 2008 Farm Bill increases the funding to $18 million for FY2009, and $20 million for each of FY's 2010-2012.

In addition to the mandatory funding, the 2008 Farm Bill also includes an authorization for an additional $25 million in discretionary funds each year.

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

As mentioned above, OREI is administered as part of the IOP. A RFA for the IOP is released each fall and announced in the Federal Register. Once the RFA is released, there is a six-month period from the date of release, to provide comments on the RFA (to impact the design of the following year's RFA). The 2008 IOP RFA will likely be released in mid-November with an application deadline in early January, and a RFA comment period that closes in June 2009.

USDA Contact Information and Online Resources

The website for the Integrated Organic Program of the USDA's Cooperative State Research, Education, and Extension Service is: *www.csrees.usda.gov/fo/integratedorganicprogramicgp.cfm*.

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Please note that starting in October 2009, CSREES will become the National Institute for Food and Agriculture or NIFA.

Agriculture and Food Research Initiative

Program Basics

The 2008 Farm Bill created the new Agriculture and Food Research Initiative (AFRI), a competitive grant program that will provide grants for fundamental and applied research, extension, and education to address food and agricultural issues. AFRI takes the place of both the National Research Initiative (NRI), authorized in 1990, and the Initiative for Future Agricultural and Food Systems (IFAFS), authorized in 1998. AFRI reflects many of the same purposes as the two predecessor programs.

The overarching grant categories include:

- Plant health and production and plant products;
- Animal health and production and animal products;
- Food safety, nutrition, and health;
- Renewable energy, natural resources, and environment;
- Agriculture systems and technology; and
- Agriculture economics and rural communities.

State agricultural experiment stations, colleges and universities, university research foundations, other research institutions and organizations, Federal agencies, national laboratories, private organizations or corporations, and individuals are eligible to apply for grants under the program.

The maximum term of a grant is 10 years, but normally grants are for fewer than 5 years. Matching funds are required in certain limited cases. Reimbursement for indirect costs is limited to not greater than 22 percent of the grant total. Indirect costs may also be counted as matching grants, provided that the combined total of reimbursements for indirect costs and indirect costs used for the match does not exceed 22 percent.

2008 Farm Bill Changes

The 2008 Farm Bill added five new grant categories to those that already existed under either the NRI or IFAFS:

- Conventional (classical) plant breeding;
- Conventional (classical) animal breeding;
- Renewable energy;
- Domestic marketing strategies; and
- Rural entrepreneurship.

The priority grant category for the viability and competitiveness of small and medium sized family farm operations was carried over from IFAFS. Carried over from NRI is the requirement that all grant categories should emphasize sustainable agriculture wherever applicable. The new farm bill lengthens the maximum grant term from 5 years to 10 years to accommodate in particular classical plant and animal breeding projects and long-term agro-ecological systems research.

Section 7406 of the Food, Conservation, and Energy Act of 2008 amends Subsection 450(b) of the Competitive, Special, and Facilities Research Grant Act of 196, to be codified at 7 U.S.C. Section 450i(b) and a note to 7 U.S.C. Section 450i.

In addition conforming amendments are made to Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, to be codified at 7 U.S.C. Section 3319; Section 1671(d) of the Food, Agriculture, Conservation, and Trade Act of 1990, as codified at 7 U.S.C. Section 5924(d); and Section 1672B(b) of the Food, Agriculture, Conservation, and Trade Act of 1990, to be codified at 7 U.S.C. Section 5925b(b).

Funding

AFRI has an authorization for appropriations of up to $700 million for each of fiscal years 2008-2012. In recent years, the annual agricultural appropriation passed by Congress has provided about $200 million for NRI/IFAFS combined. Whether and how fast that total funding level increases will be a matter for the annual agricultural appropriations bills to determine.

Under the new law, 60 percent of the funds for projects that include research will be directed toward grants for fundamental (or basic) research, and 40 percent toward applied research. Of the AFRI funds allocated to fundamental research, not less than 30 percent will be directed toward research by multidisciplinary teams.

In addition, of the total amount appropriated for AFRI, at least 30 percent is to be used for "integrated" projects that combine research and education, research and extension, education and extension, or all three.

Implementation Basics

The AFRI program will be administered by the Cooperative State Research, Education and Extension Service (CSREES) of USDA. Each year CSREES will release a Request for Applications (RFA) which is available on their website (*www.csrees.usda.gov*), on *www.grants.gov*, and through the Federal Register (*www.archives.gov/federal-register/*). For Fiscal Year 2009, CSREES anticipates releasing a formal announcement of the AFRI program in late November 2008, followed by a Request for Applications (RFA) by mid-January 2009. In most succeeding years the RFA will likely appear by late fall.

The RFA will list all of the national program areas, and, within each national program, specific 5-year and annual priority areas. The RFA will also designate certain national programs or aspects of national programs as research-only, education-only, extension-only, or "integrated" (i.e., projects which combine research, education and extension). There may be as many as 30-40 national programs in total. The RFA will list the due dates for proposals under each of the national programs, which will vary, and will indicate the approximate amount of total funding that will be available for each national program. Proposals are reviewed and ranked for merit and relevance by peer review committees, with top ranked proposals selected for funding.

A six month public comment period on the RFA is triggered when the RFA is released. During the comment period, recommendations for priority topics for the following year's RFA may be submitted to CSREES by individuals and organizations.

CSREES is in the process of soliciting stakeholder input to develop a rule for this program. The agency has also issued an interim final rule with general rules that apply to all CSREES competitive grants programs, available at *http://edocket.access.gpo.gov/2008/pdf/E8-17594.pdf*.

Examples of Past Grant Recipients

Although AFRI was newly authorized in the 2008 Farm Bill, the program, which combines the old NRI and the IFAFS, will provide similar grants to these past programs. Therefore, we have included selected past grants from NRI and IFAFS as examples of possible AFRI grants.

Managed Ecosystems
The University of Wisconsin-Madison received a $494,000 NRI grant in 2007 under the NRI Managed Ecosystems program to identify nutrient management practices that maximize grower returns and environmental efficiency for organic production of processing snap beans and sweet corn. Funded as an integrated research project, the researchers also plan to inform and train growers, processors, students, extension educators, and ag professionals on the economic and environment impacts of organic snap bean and sweet corn production.

Agricultural Prosperity for Small and Medium-Sized Farms
In 2006, the University of California-Davis received a $400,000 grant under the NRI Agricultural Prosperity for Small and Medium-Sized Farms program to assess the potential for profit in institutional markets for small and medium-sized farmers, and to determine if institutional markets can increase the use of environmentally sound production practices. Once the findings are complete, the researchers will recommend, through outreach activities including technical assistance, 'best practices' that will improve the market access and profitability of small and medium-sized producers.

In 2007, the University of Vermont and partners received a $468,000 grant for research, outreach and classroom education on farmland access and tenure for new farmers, farm succession challenges, and the impacts of tenure and succession arrangements on land use and the environment.

Farm Efficiency and Profitability
Fort Valley State University in Georgia received a $1.8 million grant in 2001, under the IFAFS Farm Efficiency and

Profitability program to improve the profitability for small and minority farmers and farm related businesses located in the persistently poor, Black Belt Region in eight southern states.

USDA Contact Information and Online Resources

The current website for the NRI is *www.csrees.usda.gov/funding/nri/nir.html*. This site contains much of the same information that will eventually be available on the new AFRI page.

Deborah Sheely, Interim Deputy Administrator, Competitive Programs, *dsheely@csrees.usda.gov*, 202-401-1782

Each AFRI national program area has its own program leader. The program leaders and their contact information will be available in each year's RFA. Below is contact information for selected national programs:

The contact for the Managed Ecosystems program is Diana Jerkins, *djerkins@csrees.usda.gov*, 202-401-6996

The contact for the Markets and Trade, Small and Medium Sized Farm Prosperity, and Rural Development programs is Siva Sureshwaran, *ssureshwaran@csrees.usda.gov*, 202-720-7536

The contact for the Water and Watersheds program is Mary Ann Rozum, *mrozum@csrees.usda.gov*, 202-401-4533

The contact for the Global Change programs and for the Soil Processes program is Nancy Cavallaro, *ncavallaro@csrees.usda.gov*, 202-401-4082

This guide will be updated to reflect new contact information for the classical plant and animal breeding programs, rural entrepreneurship, and other new national programs as they are created.

Please note that starting in October 2009, CSREES will become the National Institute for Food and Agriculture or NIFA.

Specialty Crop Research Initiative

Program Basics

Newly authorized in the 2008 Farm Bill, the Specialty Crop Research Initiative (SCRI) is a competitive grant program that will fund specialty crop research and extension projects conducted by federal agencies, national laboratories, colleges and universities, research institutions and organizations, private organizations or corporations, state agricultural experiment stations, and individuals. The research and extension projects must address the critical needs of the specialty crop industry, including:

- Plant breeding, genetics, and genomics to improve crop characteristics, including food quality and nutrient content, nutrient management, and pest management among other subtopics;
- Efforts to identify and address threats from pests and diseases, including threats to pollinators;
- Efforts to improve production efficiency, productivity, and profitability over the long term (including specialty crop policy and marketing);
- New innovations and technology, including improved mechanization and technologies that delay or inhibit ripening; or
- Methods to prevent, detect, monitor, control, and respond to potential food safety hazards in the production and processing of specialty crops, including fresh produce.

Each of these five purposes will receive at least 10 percent of the total funding for the program to ensure that one or two purposes are not funded at the expense of all the others. Priority will be given to projects that are multi-state, multi-institutional, or multidisciplinary and that include explicit mechanisms to communicate results to producers and the public. Matching funds at least equivalent to the grant amount are required.

2008 Farm Bill Changes

This is a new farm bill program.

Section 7311 of the Food, Conservation, and Energy Act of 2008 amends Title IV of the Agricultural, Research, Extension, and Education Reform Act of 1998 to establish the Specialty Crop Research Initiative, to be codified at 7 U.S.C. 7632.

Funding

Over the life of the new farm bill, $230 million in mandatory funding is provided for the program. An additional authorization of appropriations for up to $100 million each fiscal year is also provided should Congress decide that additional funding is warranted.

Specialty Crop Research Initiative Funding	
2008	$30 M
2009	$50 M
2010	$50 M
2011	$50 M
2012	$50 M

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

The program is administered by the Cooperative State Research, Education and Extension Service (CSREES). Each year CSREES will release a Request for Applications (RFA) which is available on their website (*www.csrees.usda.gov/fo/specialtycropresearchinitiative.cfm*), on *www.grants.gov*, and through the Federal Register (*www.archives.gov/federal-register/*).

The FY 2008 RFA was released in July 2008 with an application deadline of August 14, 2008 to ensure the FY 2008 money could be granted before the end of the fiscal year. Subsequent RFAs are expected to be released in the fall of each year.

The RFA will list the due dates for proposals. Proposals are reviewed and ranked for merit and relevance by peer review committees, with top ranked proposals selected for funding.

A six-month public comment period on the RFA is triggered when the RFA is released. During the comment period, recommendations for priority topics for the following year's RFA may be submitted by individuals and organizations to CSREES.

CSREES has released an interim final rule regarding the administrative provisions for the SCRI. The interim final rule is available at *http://edocket.access.gpo.gov/2008/pdf/E8-17594.pdf*.

USDA Contact Information and Online Resources

Information on the Specialty Crop Research Initiative (SCRI) of the Cooperative State Research, Education, and Extension Service can be found here: *www.csrees.usda.gov/funding/rfas/specialty_crop.html*

Tom Bewick, National Program Leader – Horticulture, *tbewick@csrees.usda.gov*, 202-401-3356

Please note that starting in October 2009, CSREES will become the National Institute for Food and Agriculture or NIFA.

Photo: Lawrence Berkeley National Laboratory

Renewable Energy

As agricultural and rural lands become increasingly important to the production of renewable energy, industries must assess the impacts of production on rural communities and the environment. Incentives should be tailored so that emerging renewable energy industries benefit family farmers and rural communities while safeguarding soil, water, and biodiversity, encouraging local ownership, and prioritizing energy efficiency and conservation. Developing diversified, perennial energy crops that can be integrated into sustainable, resource-conserving farming systems will be particularly important.

With its partners in the conservation field, the Sustainable Agriculture Coalition helped develop and shape the new ***Biomass Crop Assistance Program*** in the 2008 Farm Bill that provides project-based financial assistance to encourage the production of renewable biomass energy crops, including perennial polycultures, which show promise as energy-efficient bioenergy or biofuels, including cellulosic ethanol. The program is designed to develop new crops and cropping systems that preserve natural resources and respond to regional needs and capabilities.

SAC also helped environmental and energy groups win reauthorization of what was the Renewable Energy and Energy Efficiency Program but will now be known as the ***Rural Energy for America Program*** (REAP). REAP provides cost-share for energy audits and renewable energy technologies, as well as grants and loans for energy efficiency improvements, including energy audits, and renewable energy systems.

Both of these programs are in the Energy Title of the Farm Bill. In the Conservation Title, SAC was successful in inserting energy conservation into the purposes and payments under the Conservation Security Program (CSP) in the 2002 Farm Bill, an emphasis that is continued in the successor Conservation Stewardship Program in the 2008 Farm Bill. As a result of the CSP experience, the 2008 Farm Bill now extends energy conservation as a set of practices eligible for support through the Environmental Quality Incentives Program (EQIP). While not primarily an energy program, the Conservation Reserve Program (CRP) does permit limited harvesting of biomass and installation of wind turbines, provided vegetative and wildlife requirements are met. Details on each of these programs can be found in the Conservation and Environment section of this Guide.

Biomass Crop Assistance Program

Program Basics

The Biomass Crop Assistance Program (BCAP) was established by the 2008 Farm Bill as a new Title IX energy program. The goal of the new program is to promote the cultivation of bioenergy crops that show exceptional promise for producing highly energy-efficient bioenergy or biofuels, and to develop those new crops and cropping systems in a manner that preserves natural resources. In addition, BCAP crops are not to be those that are primarily grown for food or animal feed.

Farmers participating in a BCAP project will be eligible to enter into a 5-year agreement with USDA for annual or perennial crops or a 15-year agreement for woody biomass that provides:

- annual incentive payments for the production of perennial and annual crops;
- cost-share payments to establish perennial biomass crops; and
- a matching payment of up to $45 per ton of eligible biomass to assist with the collection, harvest, storage and transport of a BCAP crop to a biomass conversion facility.

2008 Farm Bill Changes

This is a new farm bill program established by the 2008 Farm Bill.

Section 9001 of the Food, Conservation and Energy Act of 2008 amends Title IX of the Farm Security and Rural Investment Act of 2002 to include a new section 2011 authorizing the Biomass Crop Assistance Program, to be codified at 7 U.S.C. Section 8111.

Key Aspects of BCAP

Eligible Land – Land within a BCAP project area that is eligible for funding includes agricultural land and non-industrial private forest lands, except:

- Federal- or state-owned land;
- land that is native sod, as of the date of enactment of the 2008 Farm Bill (June 18, 2008); or
- land enrolled in the Conservation Reserve Program, the Wetlands Reserve Program or the Grassland Reserve Program.

Eligible Crops – In general, the term 'eligible crop' means a crop of renewable biomass, which includes agricultural commodities and renewable plant material from other plants and trees. However, the following crops are not included:

- any crop that is eligible to receive payments under Title I of the 2008 Farm Bill (corn, wheat, barley, grain sorghum, oats, upland cotton, rice, peanuts, and oilseeds); or
- any plant that is invasive or noxious or has the potential to become invasive or noxious, as determined by USDA.

Project Sponsors – A proposal for a BCAP project is submitted to USDA by a project "sponsor," defined as either a biomass conversion facility or group of producers who own or operate acreage within a specified project area.

Project Proposal Requirements – A proposal must include the following:

- A specified project area with specified geographic boundaries that are within an economically practicable distance from the biomass conversion facility;
- A description of the eligible land and eligible crops of each producer that will participate in the project;
- A letter of commitment from the biomass conversion facility that the facility will use the eligible crops intended to be produced in the proposed project area;
- Evidence that the biomass conversion facility has sufficient equity available if the biomass conversion facility is not operational at the time the proposal is submitted; and
- Any other information about the biomass conversion facility or proposed biomass conversion facility that gives USDA a reasonable assurance that the plant will be in operation by the time that the eligible crops are ready for harvest.

Project Selection Criteria – Project selection is a competitive process. The farm bill provides the following set of criteria that USDA must consider in selecting projects:

Volume of Eligible Crops
The volume of the eligible crops proposed to be produced in the proposed project area and the probability that those crops will be used for the purposes of BCAP
Volume of Other Renewable Biomass
The volume of renewable biomass projected to be available from sources other than the eligible crops grown on contract acres
Anticipated Economic Impact
The anticipated economic impact in the proposed project area
Opportunity for Producers and Local Investors
The opportunity for producers and local investors to participate in the ownership of the biomass conversion facility in the proposed area
Beg./Socially Disadvantaged Farmer/Rancher Participation
The participation rate in project by beginning farmers or ranchers or socially disadvantaged farmers or ranchers
Impact on Natural Resource Conservation
The impact on soil, water, and related resources including wildlife-related concerns
Variety of Production Approaches
The variety in biomass production approaches within a project area, including agronomic conditions, harvest and postharvest practices, and monoculture and polyculture crop mixes
Range of Eligible Crops
The range of eligible crops among project areas
Other
Any additional criteria as determined by USDA

Producer Contracts – Eligible producers in a BCAP project area may enter directly into a contract with USDA for payments related to the production of eligible crops. The contracts will run 5 years for annual or perennial crops and up to 15 years for the production of woody biomass.

Participating farmers must also be in compliance with the farm bill's highly erodible land and wetland conservation requirements and implement a conservation plan or a forest stewardship plan. The nature of the conservation or forest stewardship plan is left up to USDA to determine.

Participating farmers must also agree to make available information gleaned from their participation in the program to USDA to help promote the production of eligible crops and the development of biomass conversion technology.

BCAP Payments for crop establishment and production – Under the contract with USDA, producers participating in a BCAP project are eligible to receive the following payments:

- for eligible perennial crops, up to 75 percent of the costs of establishing the perennial crops, including the cost of seed, planting and site preparation and an annual payment for producing the crop;
- for eligible annual crops, an annual payment for producing the crop; and
- for non-industrial private forestland, up to 75 percent of the costs of site preparation and tree planting and an annual payment for production.

Annual Payments – The intent of the 5-year contract term is to encourage farmers to try new crops that may need a few years to become established before providing any economic return. USDA has been given discretion in setting the annual payment levels, with the Managers Statement expressing the intent that USDA should consider "the costs of the activity being funded and the need for the biomass conversion facility to bear some costs of producing the feed stock."

Reduction in Annual Payments – USDA has the discretion to reduce an annual payment, if:

- an eligible crop is used for purposes other than the production of energy at the biomass conversion facility;
- an eligible crop is delivered to the biomass conversion facility and paid for by the facility;
- the producer receives a payment for collection, harvest, storage or transport (see below); or
- the producer violates a term of the contract.

Collection, Harvest, Storage and Transportation Payments – USDA has the discretion to make collection, harvest, storage and transportation payments to a producer of an eligible crop on land under a BCAP contract or to a person with the right to collect or harvest material eligible for BCAP. The payments are to be provided on a matching basis at a rate of $1 for each $1 per ton provided by the biomass conversion facility, up to an amount not to exceed $45 per ton, for a period of two years.

Report to Congress – By not later than the spring of 2012, USDA is required to submit to Congress a report on best practice data and other information gathered from BCAP projects and participants.

Funding

BCAP received mandatory funding in the 2008 Farm Bill in "such sums as are necessary for each of the fiscal years 2008-2012." The Congressional Budget Office estimates a cost for this program at $70 million over the life of the farm bill. The ultimate cost of the program will be determined by how many projects are awarded, how many farmers choose to participate, and what the actual payment levels will be.

Biomass Crop Assistance Program Mandatory Funding Estimate	
2008	0
2009	$14 M
2010	$14 M
2011	$21 M
2012	$21 M
5 year cost	$70 M
10 yr cost	$70 M

Based on the Congressional Budget Office's estimation of how many farmers will participate in BCAP each year.

Implementation Basics

The USDA Secretary has designated the Farm Service Agency (FSA) to administer BCAP. FSA has announced its intention to prepare an Environmental Impact Statement for BCAP and opened a public comment period for the scope of the Environmental Impact Statement. FSA has also decided to prepare a proposed regulation and final regulation for BCAP. Therefore, FSA will likely not be taking the first proposals for BCAP until late Spring of 2009.

USDA Contact Information and Online Resources

A placeholder for BCAP Program has been included on the FSA conservation program website at *www.fsa.usda.gov/FSA/webapp?area=home&subject=copr&topic=landing.*

Mike Linsenbigler, Conservation and Environmental Programs Division, USDA Farm Service Agency, *mike.linsenbigler@usda.gov*, 202-720-5295

Rural Energy for America Program

Program Basics

The Rural Energy for America Program (REAP) amends the 2002 Farm Bill's Renewable Energy Systems and Energy Efficiency Improvements Program (Section 9006) and combines it with an amended version of the 2002 Farm Bill's program for grants for energy audits and assistance using renewable energy technology and resources (Section 9005). The new, combined programs make grants and loans available to farmers and businesses for energy conservation and production purposes and provides grants to agencies and groups to assist farmers with energy audits and assessments. REAP is administered by the Business Division of USDA's Rural Development agency.

2008 Farm Bill Changes

The 2008 Farm Bill combines the 2002 Farm Bill's Section 9005 program for energy audits and renewable energy development and the Section 9006 Renewable Energy Systems and Energy Efficiency Improvements Program into a new Rural Energy for American Program (REAP).

Four percent of REAP funding is secured each fiscal year for the energy audit and renewable energy development grants up to April 1 of the fiscal year, after which time the funding will be available for the energy efficiency improvement and renewable energy system grants and loan guarantees.

The criteria for selecting grant and guaranteed loan awards for energy efficiency and renewable energy projects no longer consider whether a renewable energy system is readily replicable; however the criteria now assess the expected energy efficiency of a renewable energy system.

The 2008 Farm Bill provides for up to 10 percent of funding to be used for feasibility studies for projects eligible for REAP funding.

The 2008 Farm Bill raises the amount of the maximum loan eligible for a loan guarantee from $10 million to $25 million. The bill also raises the amount of loan guaranteed from 50 percent of total eligible project costs to 75 percent, and increases the maximum combined amount of a grant and a loan guaranteed under REAP from 50 percent to 75 percent of total eligible project costs.

A new provision reserves 20 percent of REAP funding provided each fiscal year for grants of under $20,000 until June 30 of each fiscal year.

REAP adds the requirement for the USDA to submit a report to Congress in 2012 on the implementation of REAP, including project outcomes.

Key Aspects of the Program

Grants and Loans to Farmers and Businesses for Energy Efficiency Improvements and Renewable Energy Systems – REAP provides competitive grants and loan guarantees to agricultural producers and rural small businesses to purchase renewable energy systems, including systems that may be used to produce and sell electricity, and to make energy efficiency improvements. USDA considers the following in awarding grants:

- type of renewable energy system to be purchased;
- estimated quantity of energy to be generated by the renewable energy system;
- expected environmental benefits of the renewable energy system;
- quantity of energy savings expected to be derived from the activity, as demonstrated by an energy audit;
- estimated period of time for the energy savings generated by the activity to equal the cost of the activity;
- expected energy efficiency of a renewable energy system; and
- other appropriate factors.

A grant cannot provide more than 25 percent of the cost of the activity carried out using the funds from the grant. The amount of a loan provided with a loan guarantee cannot exceed $25 million. Projects may receive both a grant and a loan guarantee but the combined amount of a grant and loan guarantee cannot exceed 75 percent of the cost of the funded activity.

USDA can provide up to 10 percent of the funds available for this component of REAP for grants to agricultural producers or rural small businesses to conduct feasibility studies for projects to make energy efficiency improvements and establish renewable energy systems eligible for REAP grants or loan guarantees. Agricultural producers or rural small businesses that have received other federal or state assistance for a feasibility study for the same project cannot receive this assistance.

USDA is required to provide adequate outreach about REAP at the state and local levels.

In addition, at least 20 percent of the funding for the REAP program is to be available for grants of $20,000 until June 30 of each fiscal year. Beginning on June 30, any remaining amount of the funding reserved for these smaller grants is to be made available for all REAP grants and loan guarantees.

Grants to Help Farmers with Energy Audits and Renewable Energy Development Assistance – REAP provides competitive grants for eligible entities that help agricultural producers and rural small businesses to (1) become more energy efficient and (2) use renewable energy technologies and resources. At least 4 percent of the funding provided for REAP each fiscal year is available for energy audits and renewable energy development assistance up to April 1 of the fiscal year. After April 1 of the fiscal year, the remaining funding will be available to fund grants and loan guarantees for financial assistance for energy efficiency improvements and renewable energy systems.

Entities eligible to apply for grants for energy audits and renewable energy development assistance include:

- units of state, tribal, or local government;
- land-grant colleges or universities or other institutions of higher education;
- rural electric cooperatives or public power entities; and
- any other similar entities, as determined by USDA.

USDA uses the following criteria to select grants for funding:

- ability and expertise of the applicant to provide professional energy audits and renewable energy assessments;
- geographic scope of the program proposed by the applicant in relation to the identified need;
- number of agricultural producers and rural small businesses to be assisted by the program;
- potential of the proposed program to produce energy savings and environmental benefit;
- plan of the applicant for performing outreach and providing information and assistance to agricultural producers and rural small businesses on the benefits of energy efficiency and renewable energy development; and
- ability of the applicant to leverage other sources of funding.

A grant recipient may use the grant funds to assist agricultural producers and rural small businesses by conducting and promoting energy audits or providing recommendations and information on how to improve energy efficiency and use renewable energy technologies in their operations.

A grantee may not use more than 5 percent of a grant for administrative expenses. In addition, a grantee that conducts an energy audit for an agricultural producer or rural small business must require that, as a condition of the energy audit, the agricultural producer or rural small business pay at least 25 percent of the cost of the energy audit.

Section 9001 of the Food, Conservation, and Energy Act of 2008 amends Title IX of the Farm Security and Rural Investment Act of 2002 by combining and amending Sections 9005 and 9006 in a new program, the Rural Energy for America Program, to be codified at 7 U.S.C. Section 8107.

Funding

The 2008 Farm Bill provides mandatory funding for REAP in the amounts below, plus authorization for an appropriation of an additional $25 million each fiscal year from FY2009-FY2012 should the Appropriations Committee determine additional funding is needed and possible.

Rural Energy for America Program (REAP) Funding	
2008	$0
2009	$55m
2010	$60m
2011	$70m
2012	$70m

Please note: The funding levels in the chart above show the amount of mandatory funding reserved by the 2008 Farm Bill for this program to be provided through USDA's Commodity Credit Corporation. However, Congress does at times pass subsequent appropriations legislation that caps the funding level for a particular year for a particular program at less than provided by the farm bill in order to use the resulting savings to fund a different program. Therefore, despite its "mandatory" status, the funding level for a given year could be less than the farm bill dictates should the Appropriations Committee decide to raid the farm bill to fund other programs under its jurisdiction.

Implementation Basics

USDA is expected to issue both a Notice of Funding Availability for REAP and an interim final rule in the fall of 2008.

Examples of Grant and Loan Recipients under the 2002 Farm Bill's Section 9006 Program

The Energy Efficiency Improvement and Renewable Energy System projects funded under the 2008 Farm Bill's REAP program will likely include a mix of projects similar to those funded under the 2002 Farm Bill's Section 9006 Program. These included renewable energy production from large and small wind and solar systems, projects to generate energy from biomass and geothermal sources, as well as projects to improve energy efficiency. Here are some examples:

- The Three Corner Field Farm in New York received a combined grant and loan guarantee for $35,000 to help pay for a solar system to provide 25 percent of the dairy's energy.
- In Monona, Iowa, D.J. Keehner Farms, Inc. received an $11,561 grant to replace a propane heating system with a more energy-efficient geothermal heating system expected to reduce energy costs by 78 percent.
- In Pennsylvania, the Fairview Swiss Cheese Plant received funding from several sources, including Section 9006, for an anaerobic digester that will provide energy to the cheese plant using cheese whey from the plant and cone batter waste from an ice cream cone company to make 40 million cubic feet of biogas each year – the equivalent of 28 million cubic feet of natural gas. The biogas will be used in a boiler to produce electricity for processing milk into cheese. The wastewater from the digester will flow into a treatment facility where the solids will be removed and clean water discharged.
- Peter Seely received a grant of $12,325 to install a photovoltaic panel for his farm, a 25-acre CSA located in Sheboygan County, Wisconsin from which vegetables are distributed to approximately 500 households.
- Solaqua Power & Art, a renewable energy, business incubator located in Chatham, NY received a $49,608 grant to purchase and install a photovoltaic renewable energy system. The 25 kilowatt system is part of a redevelopment project at the vacant Columbia Box Board Mill to provide over 90 percent of the power for a regional foods restaurant and brew pub.

USDA Contact Information and Online Resources

REAP will be administered as a business program under USDA's Rural Development agency. The website for the program, which will be updated to reflect changes in the 2008 Farm Bill, is: *www.rurdev.usda.gov/rbs/farmbill/index.html*.

A link to the list of Energy Coordinators in USDA Rural Development state offices is posted on the website: *www.rurdev.usda.gov/rbs/farmbill/index.html*.

William Hagy, Deputy Administrator for Business Programs, Rural Development, *bill.hagy@usda.gov*, 202-720-7287

Photo: Chris Riebschlager

Competitive Markets & Commodity Program Reform

Policy choices that privilege industrial agricultural production have hurt many small and mid-sized family farms. Unfair and often uncompetitive markets have disproportionately impacted small and mid-sized independent livestock and poultry producers, and commodity program payments have helped to subsidize farm consolidation and have reduced farming opportunities for the next generation of producers. Restoring fair competition to the marketplace, improving the rights of farmers who produce under contract with large companies, ensuring targeted commodity program payments, and increasing planting flexibility can help improve the viability of small and mid-size farms, and give sustainably-produced food and fiber the level playing field those products deserve.

For the first time ever, the 2008 Farm Bill contains a new ***Livestock and Poultry Fair Competition Title*** that is intended to give livestock producers and poultry growers fairer conditions in their market relationship with meat and poultry processors and packers. While significantly scaled back from the original bills introduced to advance contract reform and fair competition, the final results are still substantial and a foundation to build on. The new title of the farm bill also requires retailers at the point of sale to label selected food products with ***Mandatory Country of Origin Labeling*** information.

The 2008 Farm Bill did not include any sweeping commodity program reforms. Some changes were made to ***Payment Limitations and Adjusted Gross Income Limitations***, changes which on balance loosened payment limitations and tightened the adjusted gross income (AGI) test. A requirement that USDA rewrite regulations that control what is currently the single largest loophole in current subsidy rules, however, harbors at least some significant hope for reform in the next year.

The 2008 Farm Bill essentially retains the ***Planting Flexibility for Fruits and Vegetables*** rules that prevent farmers from converting some or all of their farms to fruit or vegetable production while still maintaining "base acres" to qualify for commodity program benefits. It does authorize a pilot program in seven states that allows farmers to grow some vegetables but only if they are under contract to a canning and processing company.
These and other reform issues are likely to remain at the forefront of the debate throughout this farm bill cycle and on into the future.

Livestock & Poultry Fair Competition Provisions

Program Basics

The 2008 Farm Bill contains a new Livestock Title, which covers a wide array of issues and amends a number of federal laws governing livestock and poultry marketing, animal health, food safety and other livestock issues. This section of the Farm Bill Guide focuses on the competition provisions in the Title intended to give livestock producers and poultry growers fairer conditions in their market relationship with meat and poultry processors and packers. The Livestock Title also includes revisions for Mandatory Country of Origin Labeling (see page 103) and a new provision for the Interstate Shipment of State-inspected Meat and Poultry (see page 70).

2008 Farm Bill Changes

The 2008 Farm Bill includes the following improvements related to the rights of contract producers, livestock market regulations, and reporting and enforcement.

Production Contract Reform Measures

Right of Contract Producers to Cancel Production Contracts – A poultry grower or swine producer may now cancel a poultry growing arrangement or swine production contract by mailing a cancellation notice to the live poultry dealer or swine contractor by either the date three business days after the date on which the contract is executed or any cancellation date specified in the contract.

A poultry growing arrangement or swine production contract must clearly disclose:

- the right of the poultry grower or swine producer to cancel the contract;
- the method by which the poultry grower or swine producer may cancel the contract; and
- the deadline for canceling the contract.

Required Disclosure of Additional Capital Investments in Production Contracts – The first page of a poultry or swine production contract must now contain a statement identified as "Additional Capital Investments Disclosure Statement." This Statement will conspicuously state any additional capital investments that may be required of the poultry or swine producer during the term of the growing arrangement. This provision will affect any contract entered into, amended, altered, modified, renewed or extended after the date of enactment of the 2008 Farm Bill.

Location for Resolving Contract Disputes – When a legal dispute arises over a contract, a poultry grower or hog producer may face considerable financial hardship if the contract designates a distant location for resolving the dispute. The 2008 Farm Bill provides that the forum for resolving disputes among the parties to a poultry or hog production or marketing contract will be the federal judicial district in which the principal part of the performance of the contract takes place. For most production and marketing contracts this will be the federal jurisdiction in which the poultry grower or hog producer lives.

Note that the state law that is applied to a contract dispute may not be the law of the state where the poultry grower of hog producer lives. Poultry growers and hog producers should know which state law applies and should seek advice about the applicable state law before signing a production or marketing contract.

Arbitration Issues – Private arbitration is often more expensive than going to court, with the livestock or poultry growers required to deposit fees of thousands of dollars before the arbitration even begins. The arbitration procedures do not have many of the basic legal rights and protections provided by the courts. There is no right of discovery that allows a farmer access to company records. There is rarely any right to appeal an arbitration decision. There is no jury of your peers, only an arbitrator resolving the dispute. The arbitration is generally favorable to the poultry dealer or swine contractor companies. They routinely include a measure in contracts to require mandatory arbitration of a contract dispute, which cuts off most of a livestock or poultry grower's other legal remedies.

The 2008 Farm Bill includes the following requirements for arbitration clauses in livestock and poultry contracts:

- A contract that has an arbitration clause must also have a provision to allow a producer or grower to decline to be bound by the arbitration clause before entering into the contract and that provision must be conspicuous;
- A contract producer or grower who declines the arbitration clause before entering into the contract may request that the dispute be settled by arbitration if both parties consent to arbitration in writing; and
- Any action by the company and its representatives to intimidate the livestock or poultry grower from declining an arbitration clause, for example threatening to withhold birds or animals, is an unlawful act under the Packers and Stockyards Act (PSA).

All contracts offered to livestock and poultry growers after enactment of the farm bill, including new, amended altered, modified renewed or extended contracts should contain the new provision allowing the grower to decline arbitration. For example, a poultry grower with a flock-to-flock contract should get a new contract or a new provision allowing the grower to decline an arbitration clause with each flock of chickens.

In addition, USDA is required to issue regulations that establish the criteria for determining whether an arbitration process provided for in a contract provides a meaningful opportunity for the grower or producer to participate fully in the arbitration process.

Requirements for New Rules

The 2008 Farm Bill requires USDA to issue regulations as soon as practicable but not later than 2 years after enactment of the farm bill to establish the criteria that USDA will consider in making the following determinations:

- whether a packing or processing company has given an undue or unreasonable preference or advantage to one livestock producer over another in violation of the PSA;
- whether a live poultry dealer has provided reasonable notice to the poultry grower that the delivery of birds is being suspended under a poultry growing arrangement;
- when a requirement of additional capital investments over the life of a poultry growing arrangement or swine production contract constitutes a violation of the PSA; and
- what is a reasonable time period for a poultry grower or swine producer to remedy the breach of contract that could lead to the termination of the contract.

Annual Report from USDA on PSA Enforcement and Compliance

The 2008 Farm Bill amends the PSA by requiring the USDA Secretary, no later than March 1 of each year, to submit a report on PSA enforcement and compliance to Congress and make it available to the public. The report must provide detailed information for the preceding year on investigation, referrals and resolution of PSA complaints, including:

- number of investigations for livestock and poultry, by enforcement area (financial, trade or competitive practices); and
- length of time investigations are pending with the USDA's Grain Inspection, Packers and Stockyards Administration, the USDA Office of General Counsel and the U.S. Department of Justice.

Section 11004 of the Food, Conservation, and Energy Act of 2008 amends Section 416 of the Packers and Stockyards Act (PSA) to provide the requirement of annual report from USDA to Congress on PSA enforcement and compliance, to be codified at 7 U.S.C. Section 229.

Section 11005 of the Food, Conservation, and Energy Act of 2008 amends Title II of the Packers and Stockyards Act by adding new Sections 208-210 which provide new production contract rights for swine producers and poultry growers, concerning contract cancellation, additional capital investments, choice of law and venue, and limitations on mandatory arbitration requirements in production contracts, to be codified at 7 U.S.C. Sections 197a, 197b, and 197c.

Section 11006 of the Food, Conservation and Energy Act of 2008 requires that the USDA Secretary promulgate regulations with respect to the Packers and Stockyards Act to establish criteria for determining whether an undue or unreasonable preference or advantage has occurred in violation of the Act; whether a live poultry dealer has provided reasonable notice to a poultry grower of suspension of delivery of birds under a poultry growing arrangement; whether a requirement of additional capital investments over the life of a poultry growing arrangement or swine production contract constitutes a violation of the Act; and whether a livestock poultry dealer or swine contractor has *provided a reasonable period of time for a poultry grower or swine production contract grower to remedy a breach of contract. This provision is to be codified at a note to 7 U.S.C. Section 228.*

Funding

The 2008 Farm Bill does not provide specific funding for the competition provisions. Administration and enforcement will be funded through annual GIPSA appropriations.

Implementation Basics

The production contract reforms provided for in Section 11005 of the 2008 Farm Bill are self-executing and do not require rulemaking to be enforceable. Under Section 11006, Congress directed USDA to promulgate the new regulations for specific criteria for making Packers and Stockyard Act determinations as soon as practicable but no later than two years after the 2008 Farm Bill's enactment. Future editions of this *Guide* will provide information on USDA implementation of these regulations.

USDA Contact Information and Online Resources

Grain Inspection, Packers and Stockyards Administration (GIPSA) website: *www.gipsa.usda.gov*

GIPSA Administrator
Stop 3601, Room 2055-South Building
1400 Independence Avenue, SW
Washington, DC 20250-3601
(202) 720-0219

To report violations or suspected violations and abuses in the livestock, meat, and poultry industries contact:

Violation Hotline: 1-800-998-3447
Livestock, Meat, & Poultry
USDA, GIPSA, P&SP
STOP 3601
1400 Independence Ave., SW
Washington, D.C. 20250-3601
FAX 202-205-9237
Email *PSPComplaints@usda.gov*

Mandatory Country of Origin Labeling

Program Basics

Under Mandatory Country of Origin Labeling (COOL), retailers at the point of sale to consumers are required to label selected food products with country of origin information. Food service establishments like restaurants, cafeterias and food stands are exempt from the COOL labeling requirements.

"Covered commodities" include muscle cuts of beef, lamb, and pork; ground beef, ground lamb, and ground pork; farm-raised fish and shellfish; wild fish and shellfish; perishable agricultural commodities (fresh fruits and vegetables as defined by the Perishable Agricultural Commodities Act), peanuts, chicken, goat meat, ginseng, pecans and macadamia nuts. There is an exemption for a covered commodity if it is an ingredient in a processed food item.

CCOL was originally enacted in the 2002 Farm Bill and assigned to USDA's Agricultural Marketing Service (AMS) to administer. AMS issued a controversial proposed rule for mandatory COOL in 2003. Supporters of mandatory COOL contended that the 2003 proposed rule's cost estimate for implementing the program was hugely inflated and inaccurate.

The meatpacking sector, many other food handler and processor associations, and many food retailer associations opposed the 2002 Farm Bill's mandatory COOL provision. These groups were successful in persuading Congress to delay implementation of mandatory COOL through legislative "riders" on Appropriation bills. As a result, mandatory COOL was implemented only for wild and farm-raised fish and shellfish in 2005, with mandatory requirements for other covered commodities ultimately delayed until September 30, 2008.

2008 Farm Bill Changes

The debate over mandatory COOL in the 2008 Farm Bill was preceded by the detection of numerous contaminates in imported food products, particularly products imported from China. An additional concern was the continuing detection of bovine spongiform encephalopathy (BSE or mad cow disease) in Canadian cattle. These headlines tipped the balance in favor of proceeding with mandatory COOL.

The 2008 Farm Bill amended the list of "covered commodities" to include chicken, goat meat, ginseng, pecans and macadamia nuts.

The farm bill modifies the COOL labeling requirements for beef, lamb, pork, chicken and goat meat as follows:

- A label that designates only the U.S. as the country-of-origin for a covered commodity can be applied only to an animal that was *exclusively born, raised and slaughtered in the U.S.*, except that animals born and raised in Alaska and Hawaii which are in transit outside the U.S. for not more than 60 days can also be labeled only with a U.S. country-of-origin label. In addition, animals that were present in the U.S. on or before July 15, 2008 and have remained in the U.S. may also use only the U.S. country-of-origin label;
- Covered commodities from the listed animals that are not exclusively *born, raised or slaughtered* in the U.S. and are born, raised or slaughtered in other countries may have a label that designates all the countries where the animal was born, raised or slaughtered. Animals that are imported into the U.S. for immediate slaughter can be labeled with the country from which the animal was imported and the U.S.; and
- For ground meat and poultry products from beef, lamb, pork, chicken and goats, the products must be labeled with a notice of origin for all countries of origin or for all "reasonably possible" countries of origin.

Perishable agricultural commodities, ginseng, peanuts, pecans, and macadamia nuts may have only the U.S. country-of-origin label if the product is exclusively produced in the U.S. In addition, labels designating exclusive production in a U.S. state, region or locality can be used instead of the U.S. country-of-origin label.

The labeling provisions for U.S. farm raised fish and wild fish harvested or processed in U.S. or U.S. territorial waters or in U.S. registered vessels remain the same.

USDA may conduct an audit of any entity that prepares, stores, handles or distributes a covered commodity for retail sale in order to verify compliance with mandatory COOL. But USDA may not require records of country of origin other than those maintained in the "normal course of business."

The 2008 Farm Bill drastically reduces the applicable fines for not complying with mandatory COOL from a maximum of $10,000 for each violation to only $1000 per violation. Retailers are also given a 30-day time period to either comply or receive a violation notification and are provided with an opportunity to appear before USDA in a hearing to defend themselves.

Section 11002 of the Food, Conservation, and Energy Act of 2008 amends subtitle D of the Agricultural Marketing Act of 1946, to be codified at 7 U.S.C. Sections 1638-1638d.

Funding

The 2008 Farm Bill does not provide specific funding for mandatory COOL implementation. Administration of the program will be funded through annual AMS appropriations.

Implementation Basics

On August 1, 2008, USDA issued an interim final rule for mandatory COOL based on legislative changes in the 2008 Farm Bill, along with a request for public comments until September 30, 2008 – the effective date for the interim final rule. AMS will also conduct an education and outreach program until March 31, 2009, to determine effectiveness of the rule and aid the industry in complying with it in the future. The COOL interim final rule is posted on the AMS website *www.ams.usda.gov/COOL*.

The interim final rule has raised concerns. USDA is proposing that the muscle cuts of covered meat and chicken products can be labeled with a multiple country of origin label rather than an exclusive U.S. country-of-origin label, even if the animal was born, raised and slaughtered exclusively in the U.S. This will allow meat and chicken companies to give U.S. consumers the impression that no meat and chicken is produced exclusively in the U.S.

USDA also gives a broad interpretation to the term "processed foods" in the interim final rule. A covered commodity which is used as an ingredient in a processed food is exempt from mandatory COOL. In the interim final rule, USDA provides as an example of an exempted "processed food item" frozen carrots and peas imported in bulk and mixed in the U.S. Another example is minor processing or commingling with other food items. For example, plain pork chops would require COOL labeling but not pork chops stuffed with filling.

USDA is also establishing the methods for livestock producers' compliance with COOL. The COOL law provides for the use of producer affidavits to provide origin information to packers. In the interim final rule, USDA is considering a producer affidavit as acceptable evidence on which a packer may rely to initiate an origin claim, as long as the affidavit is made by someone having first-hand knowledge of the origin of the animals and identifies the animals unique to the transaction. Evidence that identifies the animals unique to a transaction can include a tag ID system along with other information such as the type and sex of the animals, number of head involved in the transaction, the date of the transaction, and the name of the buyer.

Producers may be able to use one of the following methods to comply with the COOL law and provide required country-of-origin information to buyers:

- Affidavits – Packers may rely upon producer affidavits to initiate claims. Affidavits must be made by someone having first-hand knowledge and the affidavit must identify animals unique to the transaction;
- National Animal Identification System (NAIS) – Animals that are part of a NAIS-compliant system may rely on presence of an official ear tag and/or the presence of any accompanying animal markings, as applicable, to base origin claims; or
- USDA-Approved Age Verification Programs – Participation in USDA Quality System Verification Programs (QSVP), such as the USDA Process Verified Program (PVP) and the Quality Systems Assessment (QSA) Programs which contain a source verification component, is also considered acceptable evidence to substantiate COOL claims.

USDA Contact Information and Online Resources

The Agricultural Marketing Service website for mandatory COOL is *www.ams.usda.gov/COOL*.

The Economic Research Service also has a website for COOL economic issues at: *www.ers.usda.gov/features/cool/*

USDA Contact for Mandatory COOL: Martin E. O'Connor, USDA-AMS Standards, Analysis, and Technology Branch Chief, *martin.oconnor@usda.gov,* 202-720-4486.

Commodity Program Payment Limitations and Adjusted Gross Income Limitations

Program Basics

Even though sweeping commodity program reforms were not passed in the 2008 Farm Bill, a few changes were made to payment limitations and adjusted gross income limitations. On balance, the 2008 Farm Bill loosened payment limitation rules and tightened the adjusted gross income (AGI) test.

Payment limits were first introduced during the 1970 Farm Bill and have since been amended by subsequent farm bills. They place caps on the amount of subsidies any one farming operation can receive. One significant provision in the 2008 Farm Bill requires USDA to write new rules to determine who is "actively engaged in farming" and thus eligible for farm program payments. The result of that requirement will not be known until the rule is written. It could close significant loopholes in current law, tighten them, or leave them essentially as they are.

The AGI test for farm program eligibility was added by the 2002 Farm Bill and amended in the 2008 Farm Bill. The AGI test establishes gross income thresholds above which individuals become ineligible for certain types of subsidies.

2008 Farm Bill Changes

General Payment Limitations – The most dramatic change to payment limitations in the 2008 Bill was removing entirely the payment caps on marketing loan gains (MLGs) and loan deficiency payments (LDPs). The previous $75,000 per person cap (or $150,000 cap under the three-entity or spouse rules – see below) no longer exists. In low price years when loan payments kick in, it will now be possible for a single farm to receive millions of dollars in benefits without having to resort to legal loopholes or fraudulent activities.

The direct payment limitation of $40,000 per person (or $80,000 for married farmers) has not changed. Counter-cyclical payments also were retained at an annual limit of $65,000 per person (or $130,000 for married farmers).

Beginning with calendar year 2009, pulse crops (dry peas, lentils, small chickpeas, and large chickpeas) can qualify for counter-cyclical payments since they are now listed as covered commodities and will fall under the $65,000/$130,000 payment limit. Pulse crops will not be eligible for direct payments.

Three-entity and Spouse Rules – The so-called "three-entity" rule allowed a producer to receive twice the amount of farm program payments that he or she could have otherwise received by forming two additional legal entities, each of which could receive a half payment. The three-entity rule was eliminated by the new bill. As a result, as was the case before the three-entity rule was established in 1987, subsidy recipients can now receive payments through an unlimited number of legal entities. But, these payments are now directly attributed to each individual, making the number of entities formed less relevant. Each payment to an entity will be attributed proportionally to an individual who has an ownership interest. The aggregated payments attributed to an individual must not exceed the individual payment limit. Beginning with the 2008 Farm Bill, producers or individuals with an ownership interest in an entity are required to provide either their name and Social Security number or the name and taxpayer ID number of the entity in order to trace payments back to them.

Payment caps, however, can still be doubled through the "spouse" rule. Prior to the 2008 Farm Bill, each spouse could receive payments on the same farm up to the full per person limit provided both spouses were "actively engaged" in farming (see below). Under the 2008 Farm Bill, spouses will qualify automatically for a payment just by making a significant contribution of capital, equipment, or land, which a spouse can do by owning or co-owning any of those three items. Spouses no longer need to be actively engaged in farming to qualify the couple for double payments.

In the final analysis, then, the combination of the 2008 Farm Bill's changes to the three-entity and spouse rules results in no decrease in payments for any producers other than single, unmarried farmers whose operations previously were so large that they needed the additional legal entities necessary to use the three-entity rule to double their payments. Now, those farmers will have to resort to marriage to double their payments.

Actively Engaged in Farming – In order for an individual or entity to receive payments, he or she must be "actively engaged" in farming; this requirement is met by a farmer making a significant contribution of capital, land, equipment, and personal labor or active personal management to the farm. Landowners in share rent agreements with producers are not required to be "actively engaged" as long as their payments are directly associated with the risk of the crop being produced.

Under current rules, the personal labor test is numerical and quantifiable – 1000 hours of work annually or 50% of the commensurate share of the required labor. The management test however is vague, subjective, and essentially meaningless. This "management" loophole has led to the development of an entire payment limitation loophole industry to create pass-through payments from absentee partners who are not in reality engaged in farming.

The new farm bill does two things with respect to actively engaged in farming rules. First, it enables spouses to automatically qualify as actively engaged even if they do not contribute to labor and management of the farm (see spouse rule section above). Second, it requires USDA to rewrite the regulations governing actively engaged in farming rules. Should USDA decide to require an objective and quantifiable test for management and tighten up other aspects of the regulations, the opportunities for payment abuse will substantially decline. The new law does not dictate how USDA should change the rules, however, so whether they decide to tighten or loosen the standard remains to be seen.

Payment Limits and the New ACRE Program – A new Average Crop Revenue Election (ACRE) program was introduced in Section 1105 of the 2008 Farm Bill. Under ACRE, farmers have the option of enrolling in a revenue-based program as an alternative to receiving counter-cyclical payments. The farmers must also take a 20% reduction in direct payments, which is limited to $32,000 (or $64,000 using the spouse rule), and a 30% reduction in marketing assistance loan rates which are no longer capped. ACRE payments count toward the $65,000 a person or $130,000 a couple counter-cyclical payment limit. ACRE payments are triggered when actual farm revenue is below the benchmark farm revenue. Actual state revenue for each commodity must also be lower than the ACRE program guaranteed revenue for each crop year. ACRE payments will be made on 83.3 percent of program base acres planted to covered commodities in 2009, 2010 and 2011 and 85 percent of planted base acres in 2012.

Adjusted Gross Income (AGI) Test – The 2002 Farm Bill denied commodity and conservation payments to producers with an AGI of more than $2.5 million unless 75 percent or more of the income was from farming, forestry, or agriculture. In many instances, that limit could be doubled to $5 million for married couples, whether or not they filed separate tax returns.

The 2008 Farm Bill continues the same rule with respect to conservation payments, but makes several changes with respect to commodity payments.

First, the new bill denies commodity payments (direct, counter-cyclical, ACRE, marketing loans or LDP, noninsured crop assistance, milk income loss contract, and disaster payments) to individuals if they have an adjusted gross non-farm income of more than $500,000 (or, in many instances, $1 million for a married couple), even if more than 75 percent of their overall income is from farming, forestry, or agriculture.

Second, the new bill denies direct payments to an individual with over $750,000 (or, in many instances, $1.5 million for a married couple) in adjusted gross farm income. In this case, though, all other forms of payments and benefits other than direct payments would be unaffected.

In each case, income is averaged over a three-year period. Under the new rules, very wealthy married landowners with large farm and non-farm assets could theoretically have combined gross incomes as high as $2.5 million with no ineligibility.

Payment Limitation Amendment and ACRE Payment Establishment: Section 1603(b) of the Food, Conservation, and Energy Act of 2008 amends Section 1001 of the Food Security Act of 1985, to be codified at 7 U.S.C. Section 1308.

Repeal of Three-Entity Rule: Section 1603(c) of the Food, Conservation, and Energy Act of 2008 amends Section 1001A of *the Food Security Act of 1985, to be codified at 7 U.S.C. Section 1308-1.*

Actively Engaged in Farming Amendment: Section 1603(d) of the Food, Conservation, and Energy Act of 2008 amends Section 1001A of the Food Security Act of 1985, to be codified at 7 U.S.C. Section 1308-1(b).

Adjusted Gross Income (AGI) Amendment: Section 1604 of the Food, Conservation, and Energy Act of 2008 amends Section1001D of the Food Security Act of 1985, to be codified at 7 U.S.C. Section 1308-3a.

Funding

The estimated total commodity program spending over the next four years is in the table below. The total includes estimates for direct payments, counter-cyclical payments, ACRE, and marketing loan gains (loan deficiency payments). These estimates will fluctuate depending on the market prices for various commodities covered by the program (e.g. cotton, rice, corn, soybeans, wheat, etc.)

Estimated Total Commodity Program Spending	
2008	$8.2 B
2009	$8.2 B
2010	$7.7 B
2011	$7.5 B
2012	$6.4 B

Implementation Basics

Changes to payment limitation and adjusted gross income rules will be issued as an interim final rule in the fall of 2008. The interim final rule changes will likely be effective the day the rule is issued but USDA will take comments in anticipation of fashioning a final rule. It is uncertain if USDA will amend the rules with respect to the "actively engaged in farming" provision in a 2008 interim final rule or issue a proposed or interim final rule in 2009.

USDA Contact Information and Online Resources

The Farm Service Agency (FSA) is the agency within the USDA responsible for administering and managing commodity programs, through a network of federal, state, and county offices.

For more information about the commodity programs, visit the FSA website: *www.fsa.usda.gov/*.

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Planting Flexibility and the Fruit and Vegetable Planting Prohibition

Program Basics

Since the adoption of planting flexibility provisions for diversified sustainable agriculture farmers through the special Integrated Farm Management program option in the 1990 Farm Bill and then the across-the-board planting flexibility features for all farmers in the 1996 Farm Bill, commodity program participants are permitted to plant part of their acreage to alternative crops or pasture for livestock without sacrificing payments.

Under current rules, farm program participants can plant up to 100 percent of their total contract acreage to any crop, except for limitations on fruits, vegetables and wild rice. Unlimited haying and grazing and planting and harvesting of alfalfa and other forage crops are permitted with no reduction in payments. Planting of fruits, vegetables (excluding mung beans, lentils, and dry peas) and wild rice on contract acres, however, is prohibited unless the producer or the farm has a history of planting fruits and vegetables or wild rice. If the producer does have such a history, planting is allowed but payments are reduced acre-for-acre. Double cropping of fruits and vegetables is permitted without loss of payments only if there is a history of such double cropping in the region.

The adoption of planting flexibility was important to farmers utilizing sustainable farming methods. Producers who for environmental, health or economic reasons were adopting diversified resource-conserving crop rotations or were adding grass-based livestock production with continuing grain production activities found themselves enormously disadvantaged by the traditional commodity program structure. As these farmers added forages and soil-building crops to their rotations or converted marginal or hilly crop acres to grass-based production systems – all very positive practices for the environment – they lost government payments. The advent of planting flexibility rules did not correct for the long-term erosion of program "base acres" and reduced payments suffered by sustainable and organic producers over the years, but it at least provided for a prospective elimination of a significant barrier to the adoption of more sustainable and diversified systems.

The general prohibition on planting fruits and vegetables remains, however, and planting flexibility is still not absolute. Brazil successfully challenged US commodity programs at the World Trade Organization (WTO) on this point, obtaining a ruling that US direct payments may no longer be classified as non-trade distorting under world trade rules, and are subject to limitations that apply to trade-distorting subsidies. Closer to home, an increasing number of farmers in major commodity growing areas of the country are interested in converting some or all of their farms to fruit or vegetable production for the burgeoning market for fresh, local, healthy food but are prohibited from doing so.

2008 Farm Bill Changes

The 2008 Farm Bill retains the planting flexibility rules essentially unchanged from the previous two farm bills. Congress considered but did not adopt any major changes to the fruit and vegetable planting flexibility. An outright removal of the prohibition (a "no prohibition but no payments" proposal) did not advance very far at all in the farm bill process. A more limited proposal to allow up to 25 acres per farming operation to be planted, without payment, to fruits or vegetables solely for the local, fresh market received some consideration but also did not advance far. Both proposals and other variations on them were strongly opposed by the major fruit and vegetable commodity organizations.

The 2008 Farm Bill does include a pilot program to allow the production without payment of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes for processing (not fresh), provided that all the acreage in the pilot program is under contract to a canning or processing company. The pilot will run from 2009 through 2012 on a limited number of acres in 7 states as follows:

Illinois – 9,000 acres
Indiana – 9,000 acres
Iowa – 1,000 acres

Michigan – 9,000 acres
Minnesota – 34,000 acres
Ohio – 4,000 acres
Wisconsin – 9,000 acres

Section 1107 of the Food, Conservation, and Energy Act of 2008 contains the planting flexibility provisions, to be codified at 7 U.S.C. Section 8717.

Funding

There are no commodity program payments made on acres participating in the pilot project and therefore no cost for the pilot. Instead, the pilot program is expected to save a modest amount of money, estimated at a savings of about $2 million a year.

Implementation Basics

The basic planting flexibility rules will continue unchanged. The pilot program will be available starting in 2009 to farmers in the pilot states who have contracts with processors for production of one or more of the itemized pilot commodities. Rules for the pilot program will likely be included in the basic commodity program rules expected to be issued by the Farm Service Agency in the Fall of 2008.

USDA Contact Information and Online Resources

The Farm Service Agency is the USDA agency responsible for administering and managing commodity programs, through a network of federal, state, and county offices.

For more information about the commodity programs, visit the FSA website: *www.fsa.usda.gov/*.

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Glossary

Adjusted Gross Income – The level of income on which an individual pays federal income tax, after subtracting expenses and various adjustments to income but before any deductions and personal exemptions.

Agricultural Management Assistance (AMA) program – Established under the Agricultural Risk Protection Act of 2000 and amended under the 2002 and 2008 Farm Bills, the Agricultural Management Assistance program provides crop insurance and risk management assistance, financial assistance for conservation practices, including conversion to organic farming, and organic certification cost share. The program is limited to farmers in 15 States (the entire northeast plus UT, NV, and WY) where participation in the federal crop insurance program has historically been low. The 2008 Farm Bill added Hawaii to the list of designated states. For more information, see *www.nrcs.usda.gov/programs/AMA/*.

Agricultural Marketing Service (AMS) – The U.S. Department of Agriculture's Agricultural Marketing Service administers programs that facilitate the efficient, fair marketing of U.S. agricultural products, including food, fiber, and specialty crops. For more information, see *www.ams.usda.gov/AMSv1.0/*.

AFRI – Agriculture and Food Research Initiative; see page 92.

Applied Research – Applied research expands on fundamental (basic) research findings to uncover practical ways in which new knowledge can be advanced to benefit individuals and society. Applied research is generally designed to solve practical problems such as mitigating climate change, or developing new niche markets for family farmers, or developing plant varieties with improved nutritional values that work well in diversified crop rotations.

Appropriations – An appropriations act of Congress permits USDA or other federal agencies to incur financial obligations to be drawn from the Federal Treasury. Appropriations are most often annual (one year in duration), but can be multiple-year (a definite period in excess of one fiscal year) or no-year (available indefinitely).

Congress uses an authorization-appropriation process that provides for two separate types of legislation — authorization bills and appropriation bills — that are generally considered in sequence. First, authorization bills establish, continue, or modify policies, agencies, and programs. Second, appropriations bills provide spending for the agencies and programs previously authorized.

Appropriations are under the jurisdiction of the House and Senate Appropriations Committees and provide for about 40 percent of total federal spending each year; the balance of federal spending is in mandatory or direct spending programs, such as Social Security, Medicare, food stamps, and farm commodity programs, under the control of authorizing committees.

Congress annually considers a dozen appropriations measures, one of which is for agriculture, rural development, and the food and drug administration. The interplay between the multi-year farm bill, an authorizing measure, and the annual agriculture appropriations bill sometimes results in the line between them being blurred, as when the appropriations bill uses legislative "riders" that change the terms of an authorized policy or program or when the appropriations bill limits or eliminates mandatory farm bill programs by placing limitations on agency salaries and expenses that can be spent to implement a program.

Authorization – Legislation that establishes or continues a specific federal policy, the legal operation of a Federal program or agency, either indefinitely or for a specific period of time, or that sanctions a particular type of expenditure. An authorization normally is a prerequisite for an appropriation or other kind of budget authority. An authorization may limit the amount of budget authority to be provided or may authorize the appropriation of "such sums as may be necessary." Some authorizing committees of Congress also have jurisdiction over direct, mandatory spending and in those instances, the provisions of the authorizing legislation determine the spending level for those mandatory programs. The farm bill is an example of an authorizing bill. The farm bill includes programs that are authorized for appropriations as well as direct, mandatory spending programs.

Base or Contract Acreage – Land that is eligible to receive commodity program loans and payments.

Beginning Farmer or Rancher – By statute and regulation, to qualify as a beginning farmer or rancher under USDA's Farm Service Agency guidelines, the loan applicant must be an individual or entity who:

- will own or operate a farm that is not larger than a family farm;
- meets the loan eligibility requirements of the program to which he/she is applying;
- has not operated a farm or ranch for more than 10 years;
- materially and substantially participates in the operation of the farm and provides substantial day-to-day labor and management of the farm;
- agrees to participate in financial and credit management programs if required; and
- demonstrates family resources are insufficient to start or continue farming on a viable scale without federal assistance.

For farm ownership loan purposes, applicant cannot own a farm greater than 30 percent of the median size farm in the county. For direct farm ownership loans, applicant must have participated in the operation of a farm for at least 3 years. If the applicant is a corporation, cooperative, partnership, or other type of entity, all members must be related by blood or marriage. If the applicant is a corporation, all stockholders individually must be eligible beginning farmers.

For most other USDA programs other than FSA credit programs, beginning farmers and ranchers are defined by administrative guidance as farmers and ranchers (or all members of the entity) who have not operated a farm or ranch for more than 10 years, and will materially or substantially participate in the operation of the farm or ranch and provide substantial day-to-day labor and management of the farm. In some instances, additional criteria could be added for the purposes of the particular program.

BFRDP – Beginning Farmer and Rancher Development Program; see page 36.

BFRIDA – Beginning Farmer and Rancher Individual Development Account Program; see page 52.

Biomass – Plant material, vegetation, and forest and agricultural waste used as a fuel or energy source. The 2008 Farm Bill defines "renewable biomass" in part to include any organic material available on a renewable or recurring basis on private or tribal land including renewable plant materials and waste materials (crop residues, wood waste, animal waste and byproducts, and food and yard waste).

BCAP – Biomass Crop Assistance Program; see page 100.

Catalog of Federal Domestic Assistance – A database of all Federal programs available to: State and local governments; federally-recognized Indian tribal governments; Territories (and possessions) of the United States; domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals. See *www.cfda.gov*.

Change in Mandatory Program Spending (CHIMPS) – A method of limiting or eliminating mandatory spending (i.e., spending not subject to annual appropriations) in an appropriations bill by limiting or eliminating funding for salaries and expenses to implement the program beyond a certain size or at all. The purpose of the CHIMP is generally either to reallocate spending to other programs that are subject to annual appropriations or to reduce overall spending.

Commodity Credit Corporation (CCC) – A federally owned and operated corporation within the USDA created to stabilize and support agricultural prices and farm income by making loans and payments to producers, purchasing commodities, and engaging in various other operations. The CCC handles all money transactions for agricultural price and income support and related programs. The CCC authorizes the sale of CCC-acquired commodities to other government agencies, foreign governments, and relief and development organizations. The CCC also provides mandatory funding for other farm bill programs, including conservation, rural development, renewal energy, and research. The CCC is managed by a Board of Directors under the Secretary of Agriculture.

CFP – Community Food Project Grants; see page 75.

Competitive Grants – Funds that are awarded to project proposals submitted by eligible individuals or entities in response to a request for applications or proposals based on a set of criteria, often by review panels of relevant experts and professional peers. For most competitive programs, only a portion of the proposals submitted will be ranked highly enough to receive funding.

Congressional Budget Office (CBO) – A legislative branch agency that reports to Congress on budget and economic matters. The office makes projections about the national debt, budget surpluses or deficits, and the effect various policy and spending proposals will have on the budget. See *www.cbo.gov*.

Congressional Research Service (CRS) – An arm of Congress, housed within the Library of Congress, that provides congressional offices with objective, non-partisan assessments of legislative options for addressing the public policy problems facing the nation.
www.loc.gov/crsinfo/

Conservation Activities – Conservation systems, practices, or management measures designed to address a resource concern.

Conservation Compliance – Compliance rules require producers who crop land classified as highly erodible land implement a soil conservation plan or risk losing their farm program benefits, including most commodity, conservation, and disaster payments. Conservation compliance requirements are similar to those of the Sodbuster requirements (compliance on newly planted land, see entry below) but can be less stringent. For more information, see *www.nrcs.usda.gov/programs/compliance/*.

Conservation Plans and Planning – A natural resource and environmental problem-solving and management process that for a particular farm or field identifies resource concerns, inventories resources and baseline data, identifies desired future conditions and conservation objectives, selects conservation activities to implement, improve or maintain, and periodically assesses progress. Conservation planning generally integrates ecological, economic, and social considerations. The ultimate objective is the sound use and management of soil, water, air, energy, plant, and animal resources to prevent their degradation and ensure their sustained use and renewal. A conservation plan can also refer to a plan developed for the purposes of meeting the requirements of conservation compliance or Sodbuster.

Conservation Practice – Any technique or measure used to protect or improve natural resources and environmental quality, for which standards and specifications for installation, operation, or maintenance have been developed. Practices approved by the Natural Resources Conservation Service are compiled at each conservation district in its field office technical guide. Conservation practices generally fall into one of the following categories: structural, vegetative, or land management measures.

COOL – Country of Origin Labeling; see page 111.

CRP – Conservation Reserve Program; see page 28.

CSP – Conservation Stewardship Program; see page 12.

Conservation Technical Assistance (CTA) – Conservation technical assistance, administered by USDA's Natural Resources Conservation Service (NRCS) and local conservation districts, provides technical assistance to farmers for planning and implementing conservation systems and practices. More broadly, technical assistance means technical information and tools needed for the conservation of natural resources on agricultural land, including technical services provided directly to farmers as well as the technical infrastructure (research, training, standards, monitoring, etc.) needed to support the delivery of technical services.

CCPI – Cooperative Conservation Partnership Initiative; see page 20.

Cooperative State Research, Education, and Extension Service (CSREES) – The Cooperative State Research, Education, and Extension Service (CSREES) is one of four USDA agencies that make up its Research, Education, and Economics (REE) mission area. CSREES supports research, education, and extension programs in the Land-Grant University System and other partner organizations. CSREES programming and authorities will be transferred by October 1, 2009 to the National Institute of Food and Agriculture, newly authorized in the 2008 Farm Bill. For more information, see *www.csrees.usda.gov*.

Cost-sharing – Payments to producers to cover a specified portion of the cost of installing, implementing, or maintaining a conservation practice.

Covered Commodity (or Program Commodity) – Commodities for which federal support programs are available to producers, including wheat, corn, barley, grain sorghum, oats, extra long staple and upland cotton, medium and long grain rice, oilseeds, peanuts, pulse crops (small and large chickpeas, dry beans and lentils), and sugar.

Crop Insurance – Insurance that protects farmers from crop losses due to natural hazards. A subsidized multiperil federal insurance program, administered by the USDA's Risk Management Agency, is available to most farmers. Federal crop insurance is sold and serviced through private insurance companies. The Federal Government subsidizes a portion of the premium, as well as some administrative and operating expenses of the private companies. The Federal Crop Insurance Corporation reinsures the companies by absorbing the losses of the program when indemnities exceed total premiums. Various types of yield and revenue insurance products are available for major crops. Hail and fire insurance are offered through private companies without Federal subsidy.

Cropland – Land used primarily for production of row crops, close-growing crops, and fruit and nut crops. It includes cultivated and noncultivated acreage, but not land enrolled in the Conservation Reserve Program.

Direct Loan – "Direct" farm loans are made by USDA's Farm Service Agency (FSA) to family-size farmers and ranchers who cannot obtain commercial credit from conventional lenders. The FSA also services these loans and provides supervision and credit counseling so borrowers have a better chance for success. Farm Ownership, Operating, Emergency, and Youth loans are the main types of loans available under the Direct farm loan programs. Direct loan funds are also set aside each year for loans to minority applicants and beginning farmers. Direct loan applications are made at the local FSA office.

Direct Payments – Fixed payments for eligible historic production of wheat, corn, barley, grain sorghum, oats, upland cotton, long and medium grain rice, soybeans, other oilseeds, and peanuts. Producers enroll annually in the program to receive payments based on payment rates specified in the Farm Bill and their historic program base acres and yields.

EQIP – Environmental Quality Incentives Program; see page 16.

Farmer-to-Consumer Direct Marketing Act – The legislative authority under which the Farmers Market Promotion Program and other programs administered by USDA's Agricultural Marketing Service operate. Can include farmers' markets, farm stands, roadside stands, community-supported agriculture, pick-your-own farms, Internet marketing, and other niche direct markets.

Discretionary Funding – Funding dependent upon the annual Congressional appropriations process. This funding is optional and does not have to be provided. See entry for appropriations for more information.

Economic Research Service (ERS) – A primary source of economic information and research at USDA, the ERS conducts research to inform public and private decision making on economic and policy issues involving food, farming, natural resources, and rural development. For more information, see *www.ers.usda.gov*.

Electronic Benefit Transfer (EBT) – Debit card technology used for issuing food stamp benefits and potentially other nutrition assistance programs.

FMPP – Farmers' Market Promotion Program; see page 66.

Farm Ownership Loan – Farm Ownership (FO) loans may be made by the Farm Service Agency to purchase farmland, construct or repair buildings and other fixtures, develop farmland to promote soil and water conservation, or to refinance debt. FO loans are made under both guaranteed and direct loan programs, and are made to producers unable to obtain credit from conventional lenders.

Farm Security and Rural Investment Act of 2002 (2002 Farm Bill - P.L. 107-171) – The farm bill for 2002-2007. The legislation was signed into law on May 13, 2002. This farm bill re-introduced counter-cyclical farm program payments, introduced the Conservation Security Program, and was the first farm bill to include a separate energy title.

Farm Service Agency (FSA) – The Farm Service Agency administers and manages farm commodity, credit, disaster, and loan programs as laid out by Congress through a network of federal, state and county offices. It also manages the Conservation Reserve Program and the Biomass Crop Assistance Program and has co-responsibility along with Natural Resources Conservation Service for the Grasslands Reserve Program. For more information, see *www.fsa.usda.gov*.

Federal Agriculture Improvement and Reform Act of 1996 (1996 Farm Bill - P.L. 104-127) – The farm bill for 1996-2002. The legislation was signed into law on April 4, 1996.

The bill is sometimes referred to as the Freedom to Farm Act for its policy shift ending all forms of supply management, the mainstay of farm programs since the Great Depression. The bill also consolidated many older conservation programs into the new Environmental Quality Incentives Program.

Federal Crop Insurance Corporation (FCIC) – Federally owned and operated corporation within USDA that promotes the economic stability of agriculture through a system of highly subsidized crop insurance.

Federal Register – The Federal Register is the official daily publication for rules, proposed rules, and notices of Federal agencies and organizations, as well as executive orders and other presidential documents. For more information and access to the Federal Register, see *www.gpoaccess.gov/fr/*.

Final Rule – A rule promulgated by an administrative agency after the public has had an opportunity to comment on the proposed rule and/or an interim final rule that translates statutory authority into programmatic details used to actually administer a policy or program.

Fiscal Year – The federal government's annual accounting period. It begins October 1 and ends on the following September 30. A fiscal year is designated by the calendar year in which it ends and is often referred to with the abbreviation FY.

Food, Agriculture, Conservation and Trade Act of 1990 (1990 Farm Act - P.L. 101-624) – The farm bill for 1991-1995. The legislation was signed into law on November 28, 1990. The longest farm bill (before or since), it included 25 titles and introduced the full-fledged Sustainable Agriculture Research and Education program, the Wetlands Reserve Program, the Organic Food Production Act, farm program planting flexibility for sustainable farmers, the National Research Initiative, the first ever beginning farmer credit provisions, and grants for outreach to minority farmers, among many others.

Food Security Act of 1985 (1985 Farm Act - P.L. 99-198) – The farm bill for 1986-1990. The farm bill was signed into law on December 23, 1985. The law established marketing loans and loan deficiency payments, and included the first major conservation title in a farm bill, creating conservation conditions in return for the receipt of farm program benefits and establishing the Conservation Reserve Program.

Fruit and Vegetable Planting Restrictions – Planting for harvest of fruits, vegetables (other than lentils, mung beans, and dry peas), and wild rice is prohibited on base acres of commodity program participants, except in certain limited situations. These restrictions were initiated in 1990 and extended in the 1996, 2002 and 2008 Farm Bills.

Fundamental or Basic Research – Research conducted primarily to increase scientific knowledge or understanding that might have broad potential application but not necessarily for direct application or new commercial products or processes. Also known as "basic research."

Grain Inspection, Packers and Stockyards Administration (GIPSA) – Part of the USDA's Marketing and Regulatory Programs, GIPSA facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promotes fair and competitive trading practices for the overall benefit of consumers and American agriculture. For more information, see *www.gipsa.usda.gov*.

Guaranteed Loan – Farm Service Agency (FSA) and Rural Business-Cooperative Service guarantees loans by private commercial lenders (e.g., banks, Farm Credit System institutions, credit unions, etc.), generally for between 80 and 95 percent of any loss of principal and interest on a loan. The guarantee permits lenders to extend credit to farmers or businesses who do not meet the lenders' normal underwriting criteria. In the case of FSA, guaranteed loans are made both for farm ownership and operating purposes.

Highly Erodible Land (HEL) – Soils with an erodibility index equal to or greater than eight are defined as HEL. An erodibility index of eight indicates that without any cover or conservation practices, the soil will erode at a rate eight times the soil tolerance level. Fields containing at least one-third or 50 acres (whichever is less) of HEL are designated as highly erodible for the purpose of conservation compliance and Sodbuster.

Incentive Payments – Payments to producers in an amount or at a rate necessary to encourage producers to adopt one or more land management practices.

Indirect Costs – The portion of a grant that covers general operating expenses and administrative activities not directly related to activities sponsored by the grant. Generally program rules will include a specific limit on the amount of indirect costs, if any, for which grant funds may be used.

Initiative for Future Agriculture and Food Systems (IFAFS) – Authorized in the Agricultural Research, Extension and Education Reform Act of 1998, IFAFS funded integrated research, extension, and education projects to address critical emerging agricultural issues related to: future food production; environmental quality and natural resource management; farm income; and rural development. The program operated separately for a few years, then in a combined fashion with the National Research Initiative for several years and finally in the 2008 Farm Bill IFAFS and NRI were officially merged into the new Agriculture and Food Research Initiative.

Integrated Research – CSREES defines integrated research as bringing the three components of the agricultural knowledge system (research, education, and extension) together around a problem area or activity. Integrated projects must involve at least two out of the three components.

Interim Final Rule – A rule promulgated by an administrative agency that goes into effect when it is published, but will be open for public comment for a specific period of time and then potentially revised and issued as a final rule.

Land Grant Colleges and Universities – Institutions of higher education that have been designated by its state legislature or Congress to receive unique federal support under the Morill Acts, the Hatch Act, the Smith-Lever Act and federal laws.

Limited-resource Farmer or Rancher – Under several federal agricultural programs, producers who lack the income or asset base to obtain credit or require additional assistance are referred to as limited-resource producers. The Bush Administration further refined the definition through program guidance to mean farmers and ranchers with direct or indirect gross farm sales of $116,800 or less (adjusted for inflation starting in 2005) in each of the previous 2 years; and total household income at or below the national poverty level for a family of 4 *or* less than 50 percent of county median household income in each of the previous 2 years.

Loan Guarantee – A statutory commitment by the federal government to pay part or all of a loan's principal and interest to a lender or the holder of a security in case the borrower defaults.

Management Practices – Changes in the management of agricultural production in the context of environmental programs, e.g., nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, etc.

Mandatory Funding – Funding not controlled by annual decisions of Congress in the annual appropriation bills. These funds are automatically obligated by virtue of previously-enacted laws. In the farm bill context, commodity programs, food stamps, many conservation programs, and some research, rural development, and renewable energy programs receive mandatory funding through the farm bill. Also referred to as "direct" spending. "Entitlement" programs represent a specific type of mandatory spending. Commodity programs and food stamps, as well as Social Security and Medicare, are examples of entitlement programs.

Matching Funds – Funds that a grant recipient must provide from their own funds or from another source as a condition for receiving grant funds from a particular federal program. For some federal programs, matching funds may be "in cash" or "in kind" or in a combination. Many federal programs prohibit the match from being funded from another federal program.

National Institute for Food and Agriculture (NIFA) – The 2008 Farm Bill changes the name of USDA's Cooperative State Research, Education, and Extension Service (CSREES) to NIFA beginning October 1, 2009. NIFA is to be headed by a scientist appointed by the President as NIFA Director for a 6 year term. The Director will report directly to the Secretary rather than through the Under Secretary for Research, Education and Extension.

NOCCSP – National Organic Certification Cost Share Program; see page 84.

National Organic Program –USDA organic regulatory program for organic agriculture, established under the Organic Foods Production Act of 1990 (part of the 1990 Farm Bill), that sets production, handling, and labeling standards for organic agricultural products. The NOP also accredits the certifying agents (foreign and domestic) who inspect organic production and handling operations to certify that they meet USDA standards.

National Research Initiative (NRI) – The largest of several competitive grant research programs administered by the Cooperative State Research, Education, and Extension Service, the NRI was established by the 1990 Farm Bill. The NRI formalized and enlarged earlier competitive grants activities. In the 2008 Farm Bill the NRI and another competitive grants program, the Initiative for Future Agriculture and Food Systems, were combined to form the Agriculture and Food Research Initiative.

Natural Resources Conservation Service (NRCS) – NRCS is the Federal agency that works in partnership with America's private land owners and managers to conserve and sustain their soil, water, and other natural resources. NRCS provides technical and financial assistance to accomplish these goals. For more information, see *www.nrcs.usda.gov*.

Notice of Funding Availability (NOFA) – A formal statement published in the Federal Register announcing the availability of funds for a specific program and outlining how to apply for funds.

Notice of Solicitation of Applications (NOSA) – A formal statement published in the Federal Register announcing the solicitation of applications for a specific program.

Operating Loan (OL) – Farm Service Agency operating loans may be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family living expenses, and to refinance debts under certain conditions. Operating loans are made under both direct and guaranteed programs to producers who cannot obtain funding without assistance from conventional lenders.

OREI – Organic Agriculture Research and Extension Initiative; see page 90.

Organic Certification – The process by which agricultural products grown and processed according to USDA's national organic standards are approved by a USDA-accredited State or private certification organization. Certifying agents review applications from farmers and processors for certification eligibility and qualified inspectors conduct annual onsite inspections of organic operations. Certifying agents determine whether operators are in compliance with organic production standards.

Organic Production – Production system managed in accordance with the Organic Foods Production Act of 1990 and subsequent Federal regulations. Organic production systems respond to site-specific conditions by integrating cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.

OASDFR or "Section 2501" – Outreach and Technical Assistance for Socially Disadvantaged Farmers and Ranchers Program; see page 38.

Payment Limitation – The maximum annual amount of commodity program benefits a person can receive by law. The total amount of payments must be attributed (linked) to a person, by taking into account direct and indirect ownership interests of the person in a legal entity, such as limited partnerships, corporations, associations, trusts, and estates, that are actively engaged in farming. The 2008 Farm Bill eliminated payment limits for marketing loan benefits and loan deficiency payments but they continue for direct and counter cyclical payments. Various payment limitations also apply to farm bill conservation programs.

Planting Flexibility – An allowance to plant something other than the particular historic commodity crop on commodity program base acres for a particular crop while retaining some of the benefits of the commodity program. Where flexibility exists, it can be used to plant a different program crop, to plant a non-program crop, or to plant pasture. Under current program rules there is a general prohibition against planting fruits, vegetables or wild rice on base acres, and hence no flexibility with respect to such crops.

Precision Agriculture – An information-based farming system designed to increase long-term, site-specific, and whole-farm production efficiencies, productivity, and profitability by addressing in-field variability and using global positioning, sensors, yield monitors, geographic information systems, and variable rate technology to evaluate and implement optimum sowing density, agrichemical inputs, water drainage, and other input needs.

Producer – An owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. As used in the farm bill, a producer includes crop share landlords but does not include cash rent landlords.

Program Crops – Crops for which Federal support programs are available to producers, including wheat, barley, corn, grain sorghum, oats, extra long staple and upland cotton, rice, soybeans and other oilseeds, peanuts, and sugar.

Proposed Rule – A proposed rule describes how an agency will implement a federal program. It provides the justification and analysis behind the need for a rule and the agency's response to any public comment submitted in response to an advance notice of proposed rulemaking if there was an advance notice. It also includes the actual proposed regulatory language for the rule. Once a proposed rule is published, a public comment period begins, allowing the public to submit written comments to the agency. The agency is required to respond to each distinct issue raised in the comments. Depending on the complexity of the rule, comment periods may last for 30 days or a multi-month period of time.

Request for Applications (RFA) – A formal statement published in the Federal Register inviting submission of grant applications for a specific program.

Request for Proposals (RFP) – A formal statement published in the Federal Register inviting submission of grant proposals for a specific program.

Risk Management Agency (RMA) – USDA agency that administers programs of the Federal Crop Insurance Corporation. See *www.rma.usda.gov*.

RME – Risk Management Education Program; see page 40.

REAP – Rural Energy for America Program; see page 103.

Rural Microenterprise – A sole proprietorship or business entity with not more than 10 full-time equivalent employees located in a rural area.

RMAP – Rural Microentrepreneur Assistance Program; see page 70.

Socially-disadvantaged Farmer or Rancher (SDA) – A farmer or rancher who is a member of a group whose members have been subjected to racial or ethnic (and in some cases gender) prejudice because of his or her identity as a member of the group. The definition of SDA farmers varies by Title; some include gender and some are limited to racial or ethnic groups.

Sodbuster – Requires producers who began cropping "highly erodible land" after December 23, 1985 to implement a soil conservation plan or risk losing their Federal farm program benefits, including most commodity, conservation, and disaster payments.

Specialty Crops – Fruits, vegetables, tree nuts, dried fruits, nursery crops, and floriculture. Also referred to as horticulture crops.

SCBG – Specialty Crop Block Grants; see page 78.

SCRI – Specialty Crop Research Initiative; see page 96.

Stewardship Threshold – A term used in the implementation of the Conservation Stewardship Program (CSP) to describe the level of natural resource conservation and environmental management required under CSP. The threshold level is one that improves and conserves the quality and condition of a natural resource and is generally the level that ensures the resource does not degrade but instead improves or regenerates.

Structural Practice – A practice that involves a constructed facility, land shaping, or permanent vegetative cover designed to preserve soil; reduce runoff of nutrient, sediment, and pesticides; enhance wildlife habitat; or other purposes. Examples include animal waste-management facilities, terraces, grassed waterways, contour grass strips, filter strips, tailwater pits, permanent wildlife habitats, and constructed wetlands. Note: Sometimes permanent vegetative cover practices are included as structural practices and sometimes they are referred to separately as vegetative practices.

VAPG – Value-Added Producer Grant Program; see page 62.

WRP– Wetlands Reserve Program; see page 24.

Additional Resources

Economic Research Service (USDA) Farm Bill "Side by Side"

A side by side comparison of the new farm bill with previous legislation. Provides summarized information on key provisions and details by Title, as well as links to related ERS publications and to analyses of previous farm acts.
www.ers.usda.gov/farmbill/2008/

USDA Farm Bill Webpage

As the main webpage for the 2008 Farm Bill, this site contains up to date information on important Farm Bill meeting dates and deadlines, current Farm Bill news, and the 2008 Farm Bill itself.
www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_2KD?navid=FARMBILL2008

House and Senate Committees on Agriculture Websites

Includes information on the current activities of the Committees, including farm bill implementation and oversight activities, as well as archived reports, hearing transcripts, and other documents leading up to passage of the 2008 Farm Bill. A side by side comparison of House and Senate Farm Bill documents shows changes and amendments.

- House Committee on Agriculture
  http://agriculture.house.gov/index.shtml
- Senate Committee on Agriculture, Nutrition, and Forestry
  http://agriculture.senate.gov

House and Senate Subcommittee on Agricultural Appropriations Websites

Up to date information on members of the House and Senate appropriation subcommittees, events and hearings, bill texts, as well as current news.

- House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies *http://appropriations.house.gov/Subcommittees/sub_ardf.shtml*
- Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies *http://appropriations.senate.gov/agriculture.cfm*

National Agricultural Law Center

Farm Bills Page
Full text and resources for all U.S. Farm Bills from 1933 to the present
www.nationalaglawcenter.org/farmbills/

Congressional Research Service Reports Page
CRS is the public policy research arm of the United States Congress. Through the Congress, the National Agricultural Law Center periodically receives CRS reports related to agriculture and food issues. New and updated reports are posted as they are obtained.
www.nationalaglawcenter.org/crs/

OMB Watch

Regulatory Policy Page
Latest headlines from regulatory news, tips for advocates who want to get involved in regulatory decision making, and education resources on the federal regulatory process.
www.ombwatch.org/regs

Federal Budget Page
Current news and resources on appropriations/spending, the federal budget process, federal tax policy, government performance, and income wealth inequality.
www.ombwatch.org/article/archive/2?TopicID=1

Nonprofit Advocacy Page
Educational resources on charities and national security, elections and issue advocacy, lobbying and speech rights, nonprofit vote mobilization, rights of government grantees, research, and general nonprofit issues.
www.ombwatch.org/npadv

Federal Register

Published by the Office of the Federal Register, National Archives and Records Administration (NARA), the Federal Register is the official daily publication for rules, proposed rules, and notices of Federal agencies and organizations, as well as executive orders and other presidential documents.
www.gpoaccess.gov/fr/

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Photo: Meg Cotner

Sustainable Agriculture Coalition

The Sustainable Agriculture Coalition *is an alliance of farm, food, conservation, and rural organizations that together advocate for federal policy reform supporting the long-term social, economic, and environmental sustainability of agriculture, natural resources, food systems, and rural communities.*

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