



National Sustainable Agriculture Coalition

September 11, 2009

Policy and Oversight Branch
Office of Extramural Programs
Cooperative State, Research, Education, and Extension Service
1400 Independence Avenue SW
Washington, DC 20250-2299

Via Email to RFP-OEP@csrees.usda.gov

Re: National Sustainable Agriculture Coalition Comments on Fiscal Year 2009 Request for Applications for the Agriculture and Food Research Initiative

The National Sustainable Agriculture Coalition (NSAC) is an alliance of thirty-nine national, regional, and local grassroots farm, rural, food and conservation organizations that together advocate for public policies that support the long-term economic, social, and environmental sustainability of agriculture, natural resources, and rural communities.

NSAC's research policy work focuses on the development, funding, and implementation of research programs that examine sustainable agriculture systems and provide education and extension to family farmers and ranchers using sustainable production systems and related marketing channels.

NSAC makes the following comments and recommendations in response to the FY 2009 Request for Applications (RFA) and in anticipation of the for the FY 2010 RFA for the Agriculture and Food Research Initiative (AFRI).

A. GENERAL RECOMMENDATIONS

1. NSAC recommends new national programs and expanded national programs be established within AFRI for the new AFRI priorities specified by Congress in the 2008 Farm Bill.

Congress in the 2008 Farm Bill developed AFRI by melding together the National Research Initiative (NRI) and the Initiative for Future Agriculture and Food Systems (IFAFS). The competitive grant priority areas in the AFRI statute are almost entirely drawn directly from the previous statutory priority areas for the NRI or IFAFS. However, Congress added five new subject areas in AFRI beyond what was specifically authorized as priority areas in either the NRI or IFAFS statutes:

- Under the "Plants" heading, the new priority language is "**conventional breeding**, including cultivar and breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding."

- Under the “Animals” heading, the new priority language is “**conventional breeding**, including breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding.”
- Under the “Agricultural Economics and Rural Communities” heading, “**domestic marketing strategies** is added to the earlier singular reference to “overseas” markets.
- Also under the “Agricultural Economics and Rural Communities” heading, new approaches to “**rural entrepreneurship**” is added as a subhead under rural development.
- Finally, “**Renewable Energy**” is added as a new overall heading, joined to the previously existing “Natural Resources and the Environment.”

With respect to **conventional plant and animal breeding**, Congress also explained the legislative intent further with the following report language:

“The Managers are aware of the importance of supporting public sector conventional plant and animal breeding, as evidenced by the specific mention of this priority under the “plant health and production and plant products” and “animal health and production and animal products” priorities in AFRI. The Managers intend that the term “conventional breeding,” also known as “classical breeding,” refer to breeding techniques which rely on creating an organism with desirable traits through controlled mating and selection. Because conventional breeding is critical to the development of seeds and breeds that are well adapted to local conditions and changing environmental constraints, these efforts are important to the food and agriculture sector. The Managers are aware that participatory breeding programs, where producers are involved in the process of developing new plant varieties and animal breeds, yield varieties and breeds that are better adapted to local environments. The Managers encourage an emphasis on funding of conventional plant and animal breeding as part of the new AFRI.”

With respect to **rural entrepreneurship**, Congress elaborated on intent with this report language:

“The Managers are aware of the need for integrated research, extension, and education activities to stimulate entrepreneurship across rural America to support business development, improve skills of current and emerging entrepreneurs, expand access to capital, and build entrepreneurial networks. Under the priority area of “agriculture economics and rural communities,” AFRI includes “rural entrepreneurship” to increase competitive funding for integrated entrepreneurship activities. The Managers intend for this priority area to include both agricultural and rural development ventures, including strengthening non-farm, self-employment for farm and rural populations.”

The 2009 RFA took small steps forward with some of these newly-designated areas. However, given the short timeframe from passage of the new farm law and RFA development and publication, the response was necessarily limited. Now, however, a year later, effective implementation of AFRI requires new national programs for conventional plant breeding, conventional animal breeding, and

renewable energy, and expanded versions of the Markets and Trade and Rural Development national programs to fully incorporate rural entrepreneurship and alternative marketing strategies.

While fulfilling the new farm bill mandates without delay does not hinge on total AFRI funding levels, we would nonetheless note that NSAC has been very diligently at work on our own and as part of the leadership of the new AFRI Coalition to try to increase resources for the program. We are pleased that in all likelihood AFRI will receive a significant bump-up in funding through the FY 10 agriculture appropriations bill, providing an especially ideal opportunity to launch new national programs and expand existing ones for the new priorities mandated by the 2008 Farm Bill.

2. NSAC recommends that the Markets and Trade national program and the Rural Development National Program become annual programs, rather than continue to be offered just every other year.

Especially in light of the new emphasis on domestic marketing alternative strategies and on rural entrepreneurship in the 2008 Farm Bill, we urge that starting with the 2010 RFA both of these programs become annual offerings.

3. NSAC recommends that the FY 10 AFRI RFA incorporate priorities of department-wide 'Know Your Farmer, Know Your Food' Initiative into specific AFRI programs.

Next week USDA is launching a department-wide "Know Your Farmer, Know Your Food" Initiative with the goal of coordinating and establishing programs within the Department that build and grow sustainable local and regional food systems. NSAC sees many opportunities for synergy between the Initiative and AFRI programs, most directly with Markets and Trade, Rural Development, and Agricultural Prosperity for Small and Medium-Sized Farms and more broadly throughout many other AFRI programs.

4. NSAC recommends additional support for Agricultural Prosperity for Small and Medium-Sized Farms and for Managed Ecosystems as well as continued support for Sustainable Agroecosystems Science Long-Term Agroecosystem Program and Enhancing Ecosystem Services from Agricultural Lands with EPA STAR.

Recommendations on these areas follow in section C below.

B. LAUNCHING NEW NATIONAL PROGRAMS

1. CONVENTIONAL (CLASSICAL) PLANT AND ANIMAL BREEDING

NSAC strongly recommends that two new, separate national programs for conventional plant and animal breeding be established within AFRI, beginning with the FY 10 RFA.

Recommended Funding Level: \$10 million allocated annually to each of the two programs, totaling \$20 million annually.

As noted above, in the 2008 Farm Bill, Congress realized the critical role that vibrant conventional plant and animal breeding programs plays in ensuring food security and genetic resources. In FY 09,

these two new 2008 Farm Bill areas were not given their own national programs and were instead reflected to varying degrees in existing national program areas. This was understandable for the first, rushed year under the new statute, but proved to be far less than ideal, failing to fulfill congressional intent. FY 10 provides an excellent opportunity for fulfilling Congress' mandate with regard to this critically important and vastly under-funded area of research and NSAC strongly recommends that two new, separate national programs be created immediately.

The two new proposed programs need to have their own mid and long-term objectives as discrete programs, and then be able to flag annual priorities through the RFA process. Given the increasingly dire state of affairs in public breeding and germplasm conservation, it is vital that this new program development take place now, on an urgent basis, with dedicated resources and a long term commitment from the AFRI program to make this a mainstay of the program for years to come. AFRI can make a substantial contribution and should fully embrace this new mission.

The new farm bill lengthened the maximum grant term from up to 5 years to up to 10 years. Congress went on to explain its intent in the conference report:

*The Managers intend that most program areas within AFRI would have grant terms of short duration. However, the Managers are aware that there are areas of research where longer-term grants are needed, **such as conventional plant and animal breeding**, environmental research, and nutrition research. The Managers expect the Secretary to use 10-year grant terms only when it is critical for long-term systems research. (emphasis added)*

We recommend AFRI allow for longer term grants for conventional plant and animal breeding and for long-term agro-ecological systems trials. The nature of this work dictates a longer time horizon. We also support a review process to determine if other areas of the portfolio might require the expanded grant term. However, we strongly urge you to retain the not greater than 5 years as the default setting or norm. We believe the Statement of the Managers makes it clear that the longer grant term was to be the exception, not the rule.

2. RURAL ENTREPRENEURSHIP

NSAC strongly recommends that a new rural entrepreneurship be added as a major component to the rural development national program and that the combined program be offered on an annual basis.

Recommended Funding Level: \$5 million allocated annually, in addition to regular ongoing rural development program funding.

Estimates are that 1 in 3 rural Americans will be self-employed by the year 2015. To survive and thrive, this growing component of the rural economy must have ready access to high-quality research, education, and technical assistance support systems. These systems will allow communities to create the foundation for building vibrant economies that utilize local, state, and regional assets in an effective and sustainable manner.

The new subprogram should be an integrated program area, and should include both sustainable

agricultural and non-agricultural small and micro business development and include a particular focus on the growing arena of “green jobs” as well as value-adding enterprises and agricultural development strategies for rural growth.

Creating strong working partnerships that effectively link entrepreneurs/small businesses and service providers to the science-based capacities of our nation’s university system is a vital piece in the complex puzzle of enhancing the long-term survival and economic success of entrepreneurs and small business enterprises in rural America. The rural entrepreneurship program should:

- invest in innovative research on rural entrepreneurship and small business enterprises;
- advance the development and delivery of a new generation of educational products and programs that are tailored to meet the unique needs of entrepreneurs, small businesses, and youth;
- expand markets for entrepreneurs and small farm/non-farm businesses through the use of e-commerce and other emerging information technology systems;
- build entrepreneurial networks;
- promote the development of local and regional partnerships, including microenterprise service providers, value-added agriculture service providers and other relevant service providers that support entrepreneurs and small farm/non-farm businesses;
- strengthen the capacity of rural governments and key institutions to design and enact policies that facilitate the growth and vitality of farm/non-farm entrepreneurial and small business enterprises in rural America; and
- assist communities to mobilize resources such as primary and secondary schools, community colleges, municipal and private broadband providers, local private equity capital investment clubs, local development corporations, and local matching programs in a manner that provides the foundation for entrepreneurial communities that actively support and foster entrepreneurship

In light of the ongoing recession and continued economic distress in rural America, the timeliness of this new AFRI initiative could not be more urgent. This initiative needs to be started with the 2010 RFA.

3. DOMESTIC MARKETING

NSAC recommends that steps be taken to ensure that there is a major focus on domestic marketing alternatives – including fair, open and competitive markets and local and regional food systems – in the RFA for Markets and Trade in the Agriculture Economics and Rural Communities area, and elsewhere as appropriate.

AFRI has long included domestic marketing issues within Markets and Trade and we congratulate Congress for clarifying that domestic market alternatives should have at least equal bearing to global ones within this national program. As noted above, we believe strongly that this program needs to be expanded and needs to be offered on an annual basis on an equal footing with the other AFRI national programs.

The 2008 Farm Bill includes the first-ever livestock competition title, placing a variety of new demands on the Department to strengthen fair, open, and competitive markets and to provide protections to contract producers. On August 5 of this year, USDA and the Department of Justice announced a series of joint workshops for 2010 to investigate competition and anti-trust issues in agriculture, including monopsony, vertical integration, intellectual property and patents, packer ownership of livestock, and retail concentration. This is but one indication of the seriousness with which this Administration views the market competition issues.

It is vital that the research capacity of the major competitive grants program be linked to these efforts to ensure that a stronger research base is developed to guide and strengthen this Departmental initiative. Increased emphasis years earlier would have been ideal, but the time is now fully ripe for the 2010 RFA to include a major priority on competition issues, beginning in the short-term with livestock, poultry and dairy issues, but eventually layering in more extensive coverage. This new research priority would be fully consistent with the existing Markets and Trade objective “to provide knowledge to enhance economic efficiency and equity in the U.S. agribusiness sector.”

The 2008 Farm Bill also includes, for the first time ever, extensive local and regional food system provisions. Several Marketing and Regulatory Programs and Rural Development programs now are designed in whole or in part to be offering loans, grants and technical support to renew and rebuild local and regional food systems and food enterprises. Moreover, during consideration of amendments to the farm bill in the Senate, the Economic Research Service was brought into the discussion and has subsequently launched its local food system study and set of case studies. Now, the Department’s new Know Your Farmer, Know Your Food Initiative is taking these particular efforts and taking them a significant step forward toward a more coordinated and comprehensive effort.

We believe, therefore, that now is the time for an expanded Markets and Trade program to place priority emphasis on critical research, education and extension issues with respect to regional food system renewal. We believe this should be a major priority in the FY 2010 RFA. This effort would build on and expand the existing Markets and Trade objective “to provide economic analysis to assist with new product development and insertion in the value chain for value-added plant, animal and bio-based products.”

4. RENEWABLE ENERGY

NSAC recommends the addition of a new renewable energy national program within Renewable Energy, Natural Resources and the Environment division to complement the Biobased Products and Bioenergy Production Research program in the Agricultural Systems and Technology division and to be closely coordinated with the Managed Ecosystems program.

Clearly renewable energy is a key priority for the government and the Department with respect to climate, energy independence, rural development, and resource management. The absence of a renewable energy program within AFRI, especially after its addition to the natural resource and environment priority area in the farm bill, stands out as a very significant missed opportunity.

The biobased products and bioenergy production research program is important for developing particular technologies and processes for the emerging biofuels industry, but the goals of the AFRI

with respect to renewable energy should be more comprehensive than that. Any new program should be closely coordinated with AFRI's larger ecosystem efforts in Managed Ecosystems, Long-Term Agroecosystem, and Climate Change programs.

As more financial assistance is made available to farmers and companies through farm bill programs such as Rural Development's Rural Energy for America Program (REAP) and the Farm Service Agency's Biomass Crop Assistance Program (BCAP), it is critical that the very significant taxpayer dollars involved are invested in accord with the very best science-based sustainability guidelines. There is a very clear gap in this regard, however, one that a concerted AFRI effort could help close.

C. EXISTING PROGRAMS AND RFA RECOMMENDATIONS

1. AGRICULTURAL PROSPERITY FOR SMALL AND MEDIUM-SIZED FARMS

The 2009 RFA asked for proposals in three priority areas:

“FY 2009 Priorities for Integrated Projects – Applicants must address at least one of the following priorities.

Research and Education or Research and Extension:

1. Increasing the productivity and profitability of new and existing small and medium sized farms, including forestland and ranches, through education and extension programs based on new knowledge generated by research on factors that advance the economic and environmental integration of on-farm agricultural production and soil and water conservation practices.
2. Identification and dissemination of information to enhance the net economic, environmental and social benefits to small and medium-sized farms of on- and off-farm agricultural business activities, including impacts of innovative marketing and regional food systems, off-farm employment, development of new markets/applications for materials derived from thinning of forestlands, etc.

Research and Education:

3. Through innovative research-based education projects enhance the understanding of students and current and future policymakers, farmers and others on how land use change, farm entrepreneurship, farm transition and farm entry issues affect the prosperity of small and medium-sized farms.”

FY 10 Suggested Priorities

For FY 10, we recommend at least a doubling of funding for the program overall and the following priorities: with an expansion of the first and second item from 2009 to include:

- The first item from the 2009 RFA should be expanded to include climate change: Analyze and identify existing and potential opportunities for small and mid-sized farms to participate

in programs aimed at adapting to and mitigating the effects of climate change, including conservation and carbon offset programs.

- The second item from the 2009 RFA should be expanded to include local and regional food systems: Analyze and develop ways to increase the productivity and profitability of new and existing small and mid-sized farms through opportunities to participate in local and regional food systems, including opportunities to supply public institutions and schools.
- The third item from 2009 should be continued, with the specific addition of examination of changing credit and insurance markets and their effect on farm entry and farm transition as well as policy option evaluation for addressing existing credit and insurance barriers.
- Finally, we propose the addition of another urgent concern related to food safety. Small and medium-sized farms face large and unique obstacles in trying to comply with food safety regulations and metrics, including Good Agricultural Practice standards. With the current consideration of food safety legislation in Congress, including produce standards, and with current AMS consideration of marketing agreements for food safety purposes, the need for research, education, and extension directed at the specific needs of small and medium-sized farms has become acute. There is mounting evidence that GAPs and other food safety regimes are being designed with the needs of mega-operations in mind and thus they could seriously detract from agricultural prosperity for small and mid-sized operations. We believe there is an urgent need for this national program to respond, and for additional resources to be put toward this important effort.

In light of the continued evolution of the structure of agriculture, we also strongly recommend the agency change its ballpark threshold for mid-sized farms from \$500,000 to \$1 million in gross farms sales. Clearly, gross farm sales is an imperfect measure to distinguish segments of agriculture, but given the long history of its use as a proxy, including the Department's oft-used \$250,000 and below as a designation for small farms, we can see the merit in having some general yardstick for applicants to consider as they pursue their project ideas.

Nationwide more than half of total gross farm sales come from the 2 percent of farms with more than \$1 million in sales. According to the 2007 Ag Census, the only sectors of agriculture that are growing significantly are \$1 million gross sales and higher and \$1,000 gross sales and lower. The number of farms between \$500,000 and \$1 million in gross sales rose somewhat between the 2002 Census and 2007 Census, and all other sales classes declined. If we are going to do something significant about the disappearing middle of agriculture, it is important that these new realities be reflected. In the background section of the Agricultural Prosperity for Small and Medium-Sized Farms RFA, therefore, we urge you to change \$500,000 to \$1 million, consistent with changing understandings of the structure of agriculture.

2. RURAL DEVELOPMENT

Due to the fact there was no 2009 rural development offering, the 2009 RFA already provided for a set of FY 2010 priorities as follows:

“FY 2010 Priorities for Integrated Projects – Applicants must address at least one of the following priorities.

1. Enhance knowledge, evaluate policy options, and implement practical strategies to create employment opportunities and income growth, including appropriate entrepreneurship and small business development strategies (especially agribusinesses that enhance the sustainability of agriculture and forestry).
2. Estimate the costs, benefits, and societal impacts of protecting the environment, using market and non market techniques, and implement practical strategies to enhance ecosystem services while promoting economic development and employment growth.
3. Enhance understanding of and develop innovative strategies to build the rural workforce for the present and for the future, including projects to attract and retain rural youth.”

The RFA also added this important note, which we strongly endorse:

“Interdisciplinary applications focused on the creation of sustainable rural communities by protecting the environment, reducing poverty, and enhancing community economic vitality are strongly encouraged.”

FY 10 Suggested Priorities

As stated above, NSAC recommends the Rural Development program be offered every year instead of every other year. In addition, we urge the agency to add a major subprogram specifically on rural entrepreneurship and building entrepreneurial networks. We also believe the Rural Development Program can play a role in the Know Your Farmer, Know Your Food initiative, specifically with respect to food enterprise development as a rural community and economic development tool.

To accomplish this, we recommend the funding level for the program be doubled to \$10 million, with \$5 million set-aside for rural entrepreneurship.

Our suggestions for rural entrepreneurship priorities are listed in section B above. They should be added to the FY 2010 RFA as a new item. For the rest of the rural development offering, we recommend the second two items listed for 2010 in the 2009 RFA be carried forward and that the first item be modified to directly address local and regional food enterprise development as a rural employment and income growth opportunity, including research, extension, and the evaluation of policy options.

3. MARKETS AND TRADE

The Agribusiness Markets and Trade program RFA for 2009 asked for proposals in three priority areas:

“FY 2009 Priority for Research Projects

1. Enhance understanding of the changes in agribusiness structure and conduct, as well as its effectiveness in the development of markets at home and abroad.
2. Provide knowledge to increase market access and reduce trade impediments for major agricultural products.
3. Develop new models and theories to enhance understanding of changes in domestic and foreign consumer tastes and preferences.”

As stated above, NSAC recommends that this program be offered every year, rather than every other year, and recommend the program should be offered in FY 10 at no less than FY 09 levels. Also as noted above, we also believe the program has a major role to play in Departmental initiatives for fair and competitive agricultural markets and for know your farmer, know your food.

In addition, we strongly encourage the agency to return to the title of Markets and Trade for this program rather than Agribusiness Markets and Trade, which unnecessarily and inappropriately limits the application of the program. We note the statute refers to “strategies for entering into and being competitive in domestic and overseas markets” and “new decision tools for farm and market systems” neither of which is specifically limited to agribusiness.

For FY 10, we would suggest priorities along these lines:

FY 10 Suggested Priorities

- Analyze and assess the barriers and opportunities to fair and competitive agricultural markets and the role of public policies in encouraging or discouraging fair and competitive agricultural markets, including both contract and non-contract production.
- Provide knowledge and practical strategies to increase local and regional food markets and reduce barriers to the growth of those markets, including value-added markets and local and regional food supply networks and value chains.
- Analyze and examine the connections between current agricultural market structures and health issues, including obesity and other diet-related diseases.

4. MANAGED ECOSYSTEMS

The 2009 RFA for Managed Ecosystems called for proposals in two priority areas:

“FY 2009 Priorities for Integrated Projects –

1. Understanding, delivery, and implementation of multifunctional agricultural production management systems. – All activities must include multiple ecosystem services. **Research** should lead to a better understanding of the function and structure of key agroecosystems processes and mechanisms to produce agricultural products and ecosystem services in a non-polluting, resource enhancing agricultural production system. Example of activities could include: monitoring and quantification of ecosystem services provided under multi-

functional agroecosystem management; identifying indicators appropriate to indicate agroecosystem sustainability; and management and economic trade-offs between functions. Research projects should be hypothesis-driven. Research should lead to management recommendations which are multifunctional (for production and other ecosystem services) and lead to improved ecosystem services and environmental quality. Valuation of potential economic return for production of agricultural and environmental services is strongly encouraged. **Extension** activities should develop management strategies, guidelines, decision support tools for producers. Extension efforts should lead to the development of programs to train producers about the use and value of new systems and how ecosystems function. These activities should lead to the adoption of new management strategies to improve the productivity and environmental quality of the agroecosystem. **Education** activities should develop educational methodologies for trans-disciplinary education for multi-functional agricultural management and production systems. Development of curricula on systems research procedures and/or ecological systems functions is encouraged. Systems production training and curricula that integrate economic analysis of ecosystem services, stakeholder decision making, and analysis of project outcomes is also encouraged.

2. Biodiversity in working agroecosystems – What are the measurable biological responses to conservation activities in working range and pasture land agroecosystems at watershed or landscape scale? Projects should utilize interdisciplinary, mechanistic approaches to quantify the response of native or naturalized terrestrial and aquatic plant and animal species biodiversity to conservation practices applied in working range and pasture land agroecosystems. Priority will be given to projects that quantify biological responses involving multiple species at watershed or landscape scale. Findings on the biological effects of conservation practices in these agroecosystems must be translated into adaptive management recommendations and protocols for sustaining species studied.

FY 10 Suggested Priorities

NSAC is very supportive of this program and a continuation of these emphases and increase in funding. We also strongly support continued innovative efforts to link with EPA and with CEAP. For FY 10, we recommend:

- Continue and grow the current emphases on developing and using multifunctional agricultural production management strategies and on biodiversity.
- Coordinate with the Renewable Energy program we are proposing to analyze and assess methods to develop and use sustainable low carbon-based energy on farms and ranches; research factors that lead to high-efficiency agro-energy systems.
- Continue to coordinate with the joint effort on Ecosystem Services with the Global and Climate Change program and the EPA STAR program, with a special emphasis on current and potential ecosystem services in sustainable and organic farm production systems.

Thank you for considering our recommendations and comments.

Sincerely,

Ferd Hoefner

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cc:

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