Sustainable Agriculture Coalition

PRESIDENTIAL TRANSITION BRIEFING PAPERS ON URGENT SUSTAINABLE FOOD & FARMING PRIORITIES

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Economic Stimulus Package: WIC Program and Progressive Farm Bill Programs

Obama-Biden Platform

> "**Protect Vulnerable Individuals**: Many of our most vulnerable citizens, especially seniors and very young children, need nutrition assistance to lead full and productive lives. The Women, Infants and Children (WIC) Program, for example, ensures that children have access to the basic nutrition they need. It is a smart investment and prevents health care costs by helping to ensure the healthy development of infants and toddlers."
>
> "**Addressing Immediate Need as a Result of Economic Crisis**: Barack Obama has a comprehensive plan to jumpstart the economy and prevent 1 million Americans from losing their jobs. The plan also helps to address the economic instability that has made it more difficult for families and seniors to put food on the table."

Relevant Program

Program: Women, Infants and Children (WIC) Feeding Program

Agency: Food and Nutrition Service (FNS)

Recommendation – Budget Proposal

Provide $1 billion in emergency funding in the economic stimulus package to combine with the amount in the regular agriculture appropriations bill to fully fund the WIC program for FY 09. At the same time, back out the over $500 million in spending cuts to 2008 Farm Bill conservation, renewable energy, organics, beginning and minority farmers, and specialty crops programs, cuts proposed in the Senate version of the agriculture appropriations bill in a desperate attempt to come closer to fully funding WIC in the Senate agriculture appropriations bill. With $1 billion in the stimulus bill, the regular appropriations bill will not have to touch farm bill money and the combination of the two bills will fully fund WIC.

Background in Brief

WIC is the major nutrition program for low-income young children, pregnant women, and recent mothers. It provides Federal grants to States for supplemental foods, health care referrals, and nutrition education and has been shown to effectively improve the health of participants in the program. Studies have shown that women who participated in WIC during their pregnancy, had in general longer pregnancies, fewer premature births, lower incidence of infant mortality and overall savings in health care costs during and after the pregnancy for both the mother and child.

The pending FY 2009 Agriculture Appropriation Bills do not provide sufficient funding to fully fund the WIC program for 2009. With enrollment rising with these rough economic times, it is critical that WIC receives full funding. Additionally, in order to ensure that funding is not taken from farm bill conservation, energy, rural development, organic, beginning and minority farmer, and specialty crop programs to fund WIC, the much needed additional funding needs to come in the form of an economic stimulus package. Nutrition programs are an effective way to stimulate the economy as the funds are spent very quickly after receiving them.

Economic Stimulus Package: Rural Economic Development

Obama-Biden Platform

> "To spur the development of small business and value-added agriculture in rural America, Barack Obama and Joe Biden will: Help Develop Value-Added Products through the Value Added Producer Grant Program (and) Establish a Small Business and Microenterprise Initiative.…and provide a 20 percent tax credit on up to $50,000 of investment in small owner-operated businesses."

Relevant Programs

Programs: Rural Mircroentrepreneur Assistance Program; Value-Added Producer Grants program

Agency: Rural Business-Cooperative Service

Program: Microentrepreneur Tax Credit

Agency: Treasury/IRS

Recommendation - Budget Proposal

For the life of the economic stimulus package, provide an additional $21 million annually for the Rural Microentrepreneur Assistance Program and an additional $24 million annually for the Value-Added Producers Grants Program. Also, establish a rural microenterprise investment tax credit as part of the economic recovery package tax cut package.

Background in Brief

Rural Microentrepreneur Assistance Program -- $21 million for the program in the stimulus package, together with the $4 million in mandatory funding provided by the 2008 Farm Bill, would bring it half way to the $50 million originally proposed by Senators Ben Nelson and Ken Salazar.

The Program supports expansion, retention and establishment of rural microenterprise through grants to organizations that provide loans, training and technical assistance. It is a very appropriate vehicle to prompt rural economic recovery because microenterprise accounts for most new jobs in many of the nation's most struggling rural counties. And when jobs are short, rural people turn in even greater numbers to self-employment. But the recession and tighter credit markets are making it harder for rural small businesses to finance startup, expansion and even ongoing operation. The business training and technical assistance supported through this program often unfreeze bank credit for microbusinesses by enabling them to prepare credit worthy business plans. The loans provided through the program provide an additional backup for promising microbusinesses that cannot obtain bank loans.

Value-Added Producers Grants Program -- An added $24 million, together with the $16 million in the pending FY 2009 appropriations bill, would fully fund the program at its $40 million authorization. The new additional funds should be focused on creating green jobs in rural America.

Championed by Senator Tom Harkin in the 2002 and 2008 Farm Bills, the Value-Added Producer Grants Program provides grants to farmers and ranchers, with a priority on small and mid size producers, to establish processing operations, sell into high value markets and establish local markets. Representative Collin Peterson also amended the program in the 2008 Farm Bill to add a critical new component to link farmers into emerging supply networks for value-added products.

Microenterprise Investment Tax Credit -- This concept has been enacted at the state level and proposed at the federal level in Senator Byron Dorgan's New Homestead Act. We propose a 20 percent investment tax credit on up to $50,000 of investment per applicant. The credit would apply to the increase in business investment (expenses) over the previous year or the average of the prior three years, whichever is higher. Taxpayers would be eligible if they materially participate in microenterprises or qualify as first time farmers under the Internal Revenue Code. It is critical that sole proprietors have the option of carrying the credit back for three years. Most microenterprises are cash strapped and show no profit in their initial years and during severe recessions. A credit that they can carry back to reclaim taxes paid in prior years would free up cash to start or expand and thereby grow the rural economy out of recession. We propose targeting the credit to population loss rural counties.

Economic Stimulus Package: Farm Ownership and Farm Operating Loan Funding and Accompanying Regulatory Change

Obama-Biden Platform

> "**Strong Safety Net for Family Farmers**: Barack Obama and Joe Biden will fight for farm programs that provide family farmers with the stability and predictability they need."

Relevant Programs

Programs: Direct, Guaranteed, and Interest Assist Guaranteed Loans

Agency: Farm Service Agency

Recommendation – Budget Proposal

As falling commodity prices and continued high input costs will make unassisted credit difficult to come by and backlogs for direct loans have already formed early in the fiscal year, increase all direct and guaranteed loan program levels by at least 25 percent over pending FY 2009 appropriation levels in the economic stimulus bill, and at least 50 percent for interest assisted guaranteed loans. A 25 percent increase in program levels for direct and guaranteed loans and a 50 percent increase in interest assisted guaranteed loans would cost just $46 million in appropriated dollars but would yield an additional $897 million in loan availability (i.e., program level).

Recommendation – Administrative Action

Amend FSA guaranteed loan regulations to allow Interest Assistance to be available on both new and restructured guaranteed loans, including farm ownership and farm operating loans.

Background in Brief

As farmers head into the 2009 growing season, they face continuing high prices for farm inputs such as seed, fertilizer, and chemicals and falling commodity prices. They also face the uncertainty of what effects the ongoing credit crisis and financial turmoil in mortgage markets will have on the availability of farm credit. In this environment, it is critical that FSA use all of the tools at its disposal to assure farmers access to credit, and the ability to continue in farming. Just as the financial crisis is affecting Main Street, it is also taking its toll in the countryside as credit tightens, resulting in heightened demand for federal assistance as we approach the new crop year. Due to the changes in credit subsidy amounts, the continuing resolution program levels are completely inadequate and near exhaustion.

For instance, the pending Senate appropriations bill currently would provide $565 and $222 million, respectively, for direct farm operating and farm ownership loans, while the continuing resolution provides just $301 and $111 million, respectively. Compounding the problem for direct lending is the fact the 2008 Farm Bill appropriately increased the maximum per borrower loan levels by 50 percent for direct ownership and operating loans. But with increased loan size, without a corresponding appropriations increase, the number of farm borrowers served will decrease.

The guaranteed loan Interest Assistance Program is an underutilized tool that can increase the ability of farms to stay in business. The FSA guaranteed loan farm program is intended to ensure that credit is available to family farmers and ranchers who are unable to obtain commercial credit at reasonable rates and terms, while imposing a reduced administrative and fiscal burden on the government compared to the direct loan program. In particular, the Interest Assistance Program is intended to provide extra assistance to farmers who, although otherwise eligible, could not cash flow a guaranteed loan at the lender's regular agricultural interest rate. The Interest Assistance Program allows FSA to pay the commercial lender on a guaranteed loan some of the interest the borrower would otherwise be responsible for paying. The program currently authorizes FSA to reduce a guaranteed borrower's interest rate by up four percentage points by paying the amount of the reduced interest to the lender.

The authorizing statute does not restrict the types of guaranteed loans on which interest assistance should be made available. The statute also provides that, before any foreclosure action may be taken on a guaranteed loan, the lender must determine whether the borrower is eligible for an interest rate reduction under this program. This demonstrates a clear statutory intention that interest assistance be made available not only on new guaranteed loans, but also as a form of debt servicing on any existing guaranteed loans that are in financial distress.

FSA policy for several years has been to make interest assistance available only on new operating (OL) loans and to impose a lifetime 10-year limit on any single borrower's eligibility for interest rate reduction. This means there is no interest assistance available for real estate (Farm Ownership – FO) loans. FSA's policies also make the Interest Assistance Program unavailable as a form of debt restructuring (unless the original loan had interest assistance and the 10-year limit hasn't yet been reached). FSA recently issued regulations to formalize its policy limiting the use of interest assistance to new guaranteed OL loans. These new rules become effective June 8, 2007. These rules also reduce the lifetime limit on borrower eligibility for interest assistance down to five years (except for beginning farmers who have a chance to renew for another five).

The Conference Report accompanying the 2008 Farm Bill included language repudiating FSA's regulatory limitations on the Interest Assistance Program. The report states, at pages 117-118:

> *"The Managers are aware that the Secretary has amended regulations under the guaranteed loan program to limit the availability of interest rate reduction authorized under section 351 of the Con Act to new guaranteed operating loans. The Managers believe that non-statutory limitations in the program's regulations will deter the immediate availability of funds that may be appropriated in the future for interest rate reductions for other categories of guaranteed loans. It is the Managers' expectation that the regulations and policies for the guaranteed loan program should clarify that interest rate reduction may be available for all new and restructured guaranteed loans."*

Commodity Program Payment Limitation Reform

Obama-Biden Platform

> "**Strong Safety Net for Family Farmers**:...The lack of effective payment limitations has resulted in federal farm programs financing farm consolidation and the elimination of many mid-size family farms. Barack Obama and Joe Biden believe we should implement a ***$250,000 payment limitation***…Barack Obama and Joe Biden will close the loopholes that allow mega farms to get around the limits by subdividing their operations into multiple paper corporations. They will take immediate action to close the loophole by ***proposing regulations to limit payments to active farmers*** who work the land, plus landlords who rent to active farmers."

Relevant Program

Program: Direct, Counter-Cyclical, ACRE Payments and Marketing Loan Benefits

Agency: Farm Service Agency

Recommendation - Administrative Action

Propose regulations in 2009 to ensure that payments are made only to active farmers and landlords who rent to active farmers, including the following:

- Require a total contribution of personal labor and on site active management equal to the lesser of 1,000 hours annually or fifty percent of the labor and management required for the individual's share of the operation, consistent with the recommendations of the USDA Payment Limit Commission and the Government Accountability Office that measurable standards be established for participation in on-farm labor and management.

- Stockholders or members of an entity that collectively own at least 51 percent of the combined beneficial interest in the entity shall each meet the required contribution of active personal labor and active management; 10 percent in the case of a family farm corporation.

- No stockholder or member may provide labor or management to meet the requirements for individuals or entities that collectively receive, directly or indirectly, an amount greater than the payment limit.

- Crop share landlords claiming the special exemption to the actively engage rules must rent land at usual and customary rates and receive a payment share commensurate with the share of the crop received as rent.

- Crack down on schemes and devices by attributing payments to individuals exercising primary control over an operation, including individuals who sell land but retain rights to lease or repurchase the property at less than fair market value or otherwise exercise control.

Policy Recommendation - Legislative Proposal

Ask for and support the reintroduction and adoption of the legislation introduced in the last session by Senators Byron Dorgan and Chuck Grassley to close payment limitation loopholes and establish a hard payment cap of $250,000, including caps of $40,000 on direct payments, $60,000 on counter cyclical payments and $150,000 on loan deficiency payments.

Background in Brief

The lack of effective payment limitations has caused federal farm programs to finance consolidation in agriculture and elimination of mid-size family farms. It has encouraged expanding large producers to bid farm program payments into higher cash rents and thereby reduce profit margins for all farmers.

Capping payments to mega farms would make farm programs work better to serve their intended purposes of strengthening family size farms and enhancing farm operator income. Furthermore, payment limitation reform would save from $100 - $200 million annually, enough to restore cuts in vital rural development programs that contribute to economic recovery in rural America

The public is demanding reform. A 2004 Knowledge Networks poll found that 77% of Americans support payments to small farms, while only 31% support subsidies for large farms.
Farmers are demanding reform. A 27 state poll by the Cooperative Extension Service and Farm Foundation found that producers in every region favor closing payment limitation loopholes and targeting payments to small farms more strongly than they support farm payments themselves.

Most important, payment limitation reform is the right thing to do. And it is exemplar of the kind of change Americans voted for in November. There is no justification for subsidizing mega farms to drive small and mid size farms from the land. We cannot fulfill our responsibility as stewards of the federal budget if we allow funds to be so squandered.

On the issue of modifying the regulations on the "actively engaged in farming" rules, the Statement of the Managers for the 2008 Farm Bill explicitly requested USDA to write new regulations. The currently lax rules are central to the ability of mega farms to receive many multiple times the existing too high payment limitation. The problem has been highlighted by the USDA Payment Limitation Commission and by the US Government Accountability Office. The loophole was created administratively and can be fixed administratively. The actively engaged in farming, primary control, and schemes and devices portions of the Dorgan-Grassley bill encapsulate the needed regulatory changes perfectly.

Prevent Anticompetitive Behavior against Family Farms
Ban Packer Ownership of Livestock

Obama-Biden Platform

> " **Prevent Anticompetitive Behavior Against Family Farms**: In an era of market consolidation, Barack Obama and Joe Biden will fight to ensure family and independent farmers have fair access to markets, control over their production decisions, and transparency in prices. Obama is a strong supporter of Senator Tom Harkin's (D-IA) legislation that protects independent producers by banning the ownership of livestock by meat packers, and he will fight for passage of the law as president. Today meatpackers produce more than 20 percent of the nation's hogs, and their share is growing. When meatpackers own livestock, they bid less aggressively for the hogs and cattle produced by independent farmers. When supplies are short and prices are rising, they are able to stop buying livestock, which disrupts the market."

Relevant Program

Program: Packers & Stockyards Act

Agency: Grain Inspection Packers & Stockyards Administration

Recommendation – Legislation Proposal

Provide leadership in support legislation to ban the ownership of livestock by meat packers and work for the bill's passage in 2009.

Background

The meatpacking sector, both in the U.S. and worldwide has become consolidated and concentrated in the hands of a few corporations. For example, in the beef sector, currently, one global corporation, JBS-Swift is attempting to control one third of the U.S. beef processing capacity by buying out other companies. The number of major beef buyers would decrease from five to three. In addition, the proposed buyout would include feedlots that hold over 800,000 cattle at one time.

The Obama Campaign Platform recognizes that by owning livestock, mega-hog packers and beef packers, such as JBS-Swift, Tyson, Cargill and Smithfield Foods, have the power to manipulate livestock markets and pay artificially lower prices to independent farmers and ranchers. A ban on the direct ownership of livestock by major meatpackers would protect independent livestock producers from price manipulation and increase their market access.

The bill as introduced in previous Congress' would amend the Packers and Stockyards Act to prohibit livestock packers from owning, controlling, or feeding livestock to such an extent that the producer no longer materially participates in the management of the operation, with exceptions for: (1) animals held for not more than seven days before slaughter; (2) certain cooperatives that own, control or feed livestock and provide such livestock for slaughter; (3) packers that are not required to report price and quantity information on each reporting day; or (4) packers that own one livestock processing plant.

Packers and Stockyards Act – Unreasonable Preferences Rulemaking

Obama-Biden Platform

> "**Prevent Anticompetitive Behavior Against Family Farms**: …The 1921 Packers and Stockyards Act prohibits price discrimination by meatpackers against small and mid-size farmers, but the law has not been enforced. Obama will issue regulations for what constitutes undue price discrimination and his administration will enforce the law."

Relevant Program

Program: Packers and Stockyards Act

Agency: Grain Inspection, Packers and Stockyards Administration

Recommendation – Administrative Action

Swiftly write regulations pursuant to the mandate of Section 11006 of the 2008 Farm Bill establishing the criteria the agency will use to determine whether the actions of packers, swine contractors, and live poultry dealers constitute "undue or unreasonable preference or advantage" in violation of the Packers and Stockyards Act prohibition. The regulations promulgated under Section 11006 of the 2008 Farm Bill should --

1. Not narrow the application of statutory language: The Packers and Stockyards Act (P&SA) prohibition against packers, swine contractors, and live poultry dealers giving undue or unreasonable preferences or advantages is extremely broad statutory language. It prohibits undue or unreasonable preferences that may be given not only to individuals but also that may prefer any particular location over another. It is imperative that USDA, in issuing the regulations required by the Farm Bill, does nothing that would in any way restrict, limit, or narrow the possible interpretation of this extremely broadly worded statutory provision by the courts.

2. Make clear it is not necessary to show anti-competitive impact: The rules must explicitly state that it is not necessary to show an anti-competitive impact in order to find an action of a packer, swine contractor, or live poultry dealer to be unlawful as an undue or unreasonable preference or advantage. Similarly, the rules must state that just because a packer, swine contractor, or live poultry dealer presents a legitimate business reason for the challenged action, this alone will not keep it from being unlawful under § 192(b) of the P&SA. As USDA has repeatedly argued in court cases, the plain, clear, and unambiguous language of § 192(b) of the P&SA does not require any proof of an adverse effect on competition or of restraint of commerce or trade.

3. Recognize undue preferences may arise in any aspect of packer-producer transactions: The rules must recognize that an "undue or unreasonable preference or advantage" may arise under many aspects of the transactions, including for example base or formula pricing; formulas used for premiums or discounts; duration of the purchase or contract commitment; delivery location requirements; delivery date and time requirements; and terms related to the companies' provision of inputs or services, grower compensation, and capital investment requirements under production contracts. It is easy for packers to unlawfully prefer large-volume livestock producers over smaller-volume producers in very subtle ways. Such unlawful actions may occur when certain types of purchase arrangements – forward contracts, marketing agreements, and cash market purchases – are offered to some producers but not to others.

4. Clarify that it is unlawful for packers to prefer large-volume livestock producers over smaller-volume producers in any manner that is not substantiated by actual, verifiable quality or transportation and transactional expenses: Premiums should be allowed for measurable and verifiable differences in carcass and meat quality only if those premiums are available to producers of all sizes. Premiums should be allowed for a specified time of delivery or delivery in times of urgent need only if those premiums are available to producers of all sizes. Premiums should be allowed for real and verifiable efficiencies in the cost of procuring, transporting, handling, and other transactions that occur outside the plant, but there should be no premiums for efficiencies that occur within the plant unless those efficiencies are real and verifiable and consequent premiums are made available to producers of all sizes.

5. Recognize situations unique to poultry production contracts: Key criteria that should be used in determining an undue or unreasonable preference include:

- When a grower is penalized relative to other growers based on performance factors that are outside the control of the grower and within the control of the poultry company.

- When a grower is penalized relative to other growers based on the free exercise of rights protected by law.

Producer organizations can provide the Department with many specific examples for each of these two criteria.

6. Keep Pace with Industry Practices: Because the procurement practices in the livestock poultry industries change over time, it is imperative that USDA continuously monitor such practices and amend the rules whenever necessary to ensure that they appropriately address changes in industry practices.

Background in Brief

The Packers and Stockyards Act makes it "unlawful for any packer or swine contractor with respect to livestock, meats, meat food products, or livestock products in unmanufactured form, or for any live poultry dealer with respect to live poultry to: . . . (b) make or give any undue or unreasonable preference or advantage to any particular person or locality in any respect whatsoever." 7 U.S.C. § 192(b).

Though this provision has been law for decades, USDA has never issued regulations establishing the criteria it will use to evaluate complaints that a packer, swine contractor, or live poultry dealer has violated this statutory provision. USDA's failure to maintain and publish a coherent policy for analyzing such complaints has been a substantial contributing factor to the loss of thousands of family farm livestock and poultry producers over the last few decades.

To address that problem, Section 11006 of the 2008 farm bill directs: "As soon as practicable, but not later than 2 years after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate regulations with respect to the Packers and Stockyards Act, 1921 (7 U.S.C. § 181 et seq.) to establish criteria that the Secretary will consider in determining— (1) whether an undue or unreasonable preference or advantage has occurred in violation of such Act."

Some courts have also mistakenly ruled that undue preferences must have anti-competitive impacts to violate the Act. That is a misreading of the Act. USDA has repeatedly argued in court cases that the plain language of this subsection of the Packers and Stockyards Act does not require the proof of an adverse impact on competition or of restraint of commerce or trade. But only with formal rulemaking will courts consistently interpret the law as it was intended.

Competition Reform - Contract Fairness Package

Obama-Biden Platform

> "**Prevent Anticompetitive Behavior Against Family Farms**: In an era of market consolidation, Barack Obama and Joe Biden will fight to ensure family and independent farmers have fair access to markets, control over their production decisions, and transparency in prices…He will also strengthen anti-monopoly laws; change federal agriculture policy to strengthen producer protection from fraud, abuse, and market manipulation; and make sure that farm programs are helping family farmers, as opposed to large, vertically integrated corporate agribusiness."

Relevant Programs

Programs: Packers and Stockyards Act; Agricultural Fair Practices Act

Agency: Grain Inspection, Packers and Stockyards Administration

Issue - Arbitration

Producers and growers often must sign contracts mandating arbitration as a dispute resolution mechanism, prohibiting access to the courts. The 2008 Farm Bill (Section 11005) requires every livestock or poultry contract to contain a conspicuous provision for a producer or grower to opt out of the arbitration provision, prior to entering the contract.

Administrative Action: GIPSA should take enforcement action against live poultry dealers that are not complying with the opt-out requirements of Section 11005 of the 2008 Farm Bill. They should not wait to take enforcement action against poultry companies that fail to comply with the arbitration opt-out requirements of the Act. Regulations should be issued that clarify that the arbitration opt-out requirements of the Farm Bill apply to all contracts, included flock to flock contracts, entered into, amended, altered, modified, renewed, or extended after the date of the enactment of the Food, Conservation, and Energy Act of 2008.

Issue - Suspension of Delivery of Birds

Processors sometimes halt or delay the delivery of new birds, a practice that devastates the cash flow of growers under contract. Section 11006 of the Farm Bill requires USDA to propound regulations to define when suspension of delivery is an unlawful "unfair practice" and to require "reasonable notice" of when a suspension or delay of delivery will occur.

Administrative Action: Regulations must be developed to require processors to give growers written notice of any suspension of delivery of birds at least 90 days prior to the removal of the last flock, with an explanation of the reason for the suspension, the grower's appeal rights, and the date that the bird delivery will resume.

Issue - Investment Requirements in Production Contracts

Processors often require poultry growers, after the initial production contract is signed and houses built to company specifications, to make additional capital upgrades to their chicken houses that cost tens of thousands of dollars. Section 11005 of the 2008 Farm Bill requires disclosure of potential future capital investments. Section 11006 requires USDA to propound regulations describing when capital investment requirements violate the Act.

Administrative Action: Regulations should be issued that state that any capital investment that the company requires beyond the original house specifications is unlawful unless growers are additionally and fairly compensated at the time of the upgrade. Companies should also be prohibited from forcing growers to upgrade their houses prior to selling their farms, or in any way interfering with the right of the grower to sell their farms.

Issue - Recapture of Capital Investment

Poultry contract growers make very large investments in facilities, and are thus very vulnerable to contract termination, leaving them with a large stranded investment and no way to pay the loans. Section 11006 of the 2008 Farm Bill requires USDA to promulgate rules defining a reasonable period of time for a live poultry dealer or swine production contract grower to remedy a contract breach that could lead to termination.

Administrative Action: Amend Packers and Stockyards Act regulations to require a poultry integrator to reimburse growers for capital investments made for purposes of the contract if the contract is cancelled prematurely without cause.

Legislative Proposal: If GIPSA determines that such regulation is not within their current authority, send draft legislation to Congress asking for an amendment to the Packers and Stockyards Act to address this concern.

Issue - Finalize Earlier Proposed Rules

On August 1, 2007 *[72 Federal Register 41952-56*], GIPSA published a package of proposed poultry regulations to give growers greater information about contract terms before they make related investments, and to require companies to give growers greater notice before cancellation. On February 11, 2008 [*73 Federal Register Page 7686-7690*], GIPSA published another set of proposed regulations, this time to address the weighing of poultry, livestock, swine and feed.

Administrative Action: The regulations should be revised and finalized.

Issue - Transparency in Poultry Settlement Sheets

Contract poultry grower pay is often based on the ability of the grower to put weight on the chickens and the amount of feed used during the seven-week grow out period, relative to the other growers' performance. This system is referred to as the "ranking system," which is designed to appear like a method for companies to use fair competition to assure grower performance. This payment system can be used by companies to retaliate against growers who seek to organize other growers for better treatment. Only if farmers have systematic access to information on factors that significantly impact farm performance and are solely under the contracting companies' control can they verify fair treatment and fair pay.

Administrative Action: USDA should amend the poultry Packers and Stockyards Act regulations [9 CFR 201.100(b)] to require that the detailed quality and quantity information be included in the settlement documentation.

Issue - Poultry Enforcement Limitations

USDA has less authority in poultry enforcement than livestock under the Act. USDA cannot halt unlawful practices or assess civil penalties in poultry, though it can in livestock. In addition, the poultry provisions of the current Packers and Stockyards Act have been misinterpreted by GIPSA to apply only to protections for growers of broilers, to the exclusion of growers of breeder hens and pullets, an important part of the poultry production chain.

Administrative Action: GIPSA should re-interpret its analysis of the Packers and Stockyards Act, which has been misread in the past to exclude protections for breeder hen and pullet growers.

Legislative Proposal: The Administration should send draft legislation to Congress to amend Title II of the Packers and Stockyards Act to give USDA administrative enforcement authority over live poultry dealers, similar to Section 10202 of the Senate version of the 2008 Farm Bill (H.R. 2419).

Issue - Agricultural Fair Practices Act (AFPA) enforcement

Responding to the retaliatory practices of processors, the Agricultural Fair Practices Act of 1967 was passed by Congress to ensure that family farmers could join together in associations and cooperatives to market their produce without fear of interference or retribution from processors. Unfortunately, loopholes in the legislation and changes in markets are making it increasingly difficult for producers to organize and attain a fair price for their products.

Administrative Action: USDA should begin monitoring compliance with the Agricultural Fair Practices Act, and take enforcement action for clear instances where growers are being retaliated against based on their leadership or membership of producer associations.

Legislative Proposal: If the Administration finds that statutory changes are necessary in order to fully enforce the Act, draft legislation should be sent to Congress to reform the Agricultural Fair Practices Act, to repeal the disclaimer clause and to require good faith bargaining by processors and handlers on with producer associations.

Issue - Department of Justice Enforcement for Poultry Cases

The present Packers and Stockyards Act makes it unlawful for a livestock packer or live poultry dealer "to engage in or use any unfair, unjustly discriminatory or deceptive practice or device," or "to give any undue or unreasonable advantage to any particular person or locality..." (Section 202). However, USDA's GIPSA has no administrative enforcement authority to neither stop the unfair practices nor penalize poultry dealers. When violations of the Act are discovered in the *poultry* industry, GIPSA can only issue an order to cease illegal conduct. After an investigation, GIPSA can send a complaint to the Justice Department for prosecution but such individual poultry cases are not likely to be considered a national priority by the DOJ.

Administrative Action: The new Administration should develop a MOU between the U.S. Department of Agriculture and the Department of Justice for a coordinated effort to prosecute poultry company violations of the Packers and Stockyards Act.

Background in Brief

With the rapid rise of vertically integrated methods of agricultural production, farmers are increasingly producing agricultural products under contract with large processors. In many cases, particularly in the livestock and poultry sector, the farmer never actually owns the product they produce, but instead makes large capital investments on their own land to build the facilities necessary to raise animals for an "integrator."

Under such arrangements, farmers and growers are often given take-it-or-leave-it, non-negotiable contracts, with language drafted by the integrator in a manner designed to maximize the company's profits and shift risk to the grower. In many cases, the farmer has little choice but to sign the contract presented to them, or accept bankruptcy. The legal term for such contracts is "contract of adhesion." As contracts of adhesion become more commonplace in agriculture, the abuses that often characterize such contracts are also becoming more commonplace and more egregious.

Today's agricultural markets are highly concentrated with less than a handful of national and multi-national firms controlling the majority of the market for many commodities. For example, the top four processing firms for beef, pork and chicken control from 55 to 87 percent of the U.S. market for their commodity. At the local level, this means a single processing firm is often the only marketing option for a farmer, eliminating price-enhancing competition. In many parts of rural America, farmers have few options but to do business with livestock and poultry integrators. The combination of industry consolidation and vertical integration create the opportunity for abusive contract terms.

Establish Strict Environmental Regulations on Water Pollution from Concentrated Animal Feeding Operations (CAFOs)

Obama-Biden Platform

> "**Regulate CAFOs**: Concentrated Animal Feeding Operations (CAFOs), which raise more than 40 percent of U.S. livestock, comprise a larger share of the livestock industry every year. Barack Obama has worked for tougher environmental regulations on CAFOs. He has supported legislation to set tough air and water pollution limits for livestock operations, including limits on nitrogen, phosphorus, hydrogen sulfide, ammonia, and other pollutants. In the Obama Administration, the Environmental Protection Agency will strictly monitor and regulate pollution from large CAFOs, with fines for those who violate tough air and water quality standards. Obama strongly supports efforts to ensure meaningful local control."

Relevant Program

Program: Clean Water Act National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitation Guidelines for CAFOs

Agency: Environmental Protection Agency

Recommendation – Administrative Action

Move immediately to uphold the Campaign Platform by revoking this toothless CAFO regulation and hold CAFOs accountable for their pollution of the nation's water. Urge Congress to enact legislation disapproving the EPA's Final Rule for CAFO National Pollutant Discharge Elimination System Permit (NDPES) Regulation and Effluent Limitation Guidelines for CAFOs which was issued on November 20, 2008. Within the first year in office, promulgate a new CAFO NPDES permit regulation and effluent limitation guidelines that would require CAFOs to account for and effectively control water pollution from all CAFO facilities.

In addition, require that land application of CAFO waste for agronomic purposes is governed by a comprehensive nutrient management plan, incorporated into the NPDES permit, to limit nutrient application to realistic agronomic needs of vegetation on the site and requires the establishment of conservation practices to control agricultural runoff, including agricultural stormwater runoff and soil erosion.

Background in Brief

The Clean Water Act Final Rule for CAFOs is among the Bush administration's "midnight regulations." It was issued in November 2008. The regulation will allow animal factory operations, even those with thousands of animals or in close proximity to rural community drinking water sources, to "self-certify" that they do not "propose" to discharge pollutants. The regulation requires no review of the operation by a permitting authority to verify that claim and no notice to the public that such as claim is being made.

Even CAFOs with a history of pollutant discharges can avoid obtaining a Clean Water Act permit by self-certifying that the problem is solved to the CAFO's satisfaction. CAFOS that have subsequent discharge can recertify that the problem is fixed and still not be investigated by a regulatory authority. There is no requirement that the public be notified of these discharges. Moreover, a CAFO may have multiple discharges from numerous different sources in the operation, e.g. the waste lagoon, effluent spray equipment, etc. and recertify itself as a "no discharge" operation after each discharge.

In addition, the EPA also refused to add any measures in the final rule to require improved technology or methods for controlling bacterial contamination of water by CAFOs. This issue is critical because most CAFOs routinely treat livestock and poultry with prophylactic doses of antibiotics, a practice that can lead to the development of antibiotic resistant strains of pathogens from CAFOs.

Farmers and rural communities will be left in the dark about the location of these "self-certified" CAFOs and will not have access to their self-serving assessments. EPA not only ducked its responsibilities for controlling CAFO pollution but also stripped rural communities and smaller sustainable livestock producers of important tools for protecting themselves.

When the EPA's 2003 regulations were challenged in court, the federal Second Circuit Court of Appeals in Waterkeeper Alliance Inc. v. EPA, invited EPA to fashion a revised regulation that included a regulatory presumption that CAFOs of certain size, design, and operational characteristics should obtain Clean Water Act permits. Instead of fashioning this regulatory presumption, EPA abandoned its duties to protect rural community health and the nation's water quality. The EPA essentially returned the nation right back to 1997 when the "no discharge" exemption for CAFOs unleashed a CAFO fecal flood in communities around the nation.

Prior to the Bush Administration in 2002, many environmental and sustainable agriculture coalitions united around proposals for effective CAFO water pollution regulations, including measures to require all land application of CAFO waste to be regulated under the Clean Water Act, require vertical integrators in the CAFO system to be co-permittees with CAFO operators, and subject CAFOs to watershed permits which would account for the cumulative impacts of scores or even hundreds of CAFOs that can be found in a single watershed. These proposals and others should be incorporated into a revised CAFO regulation to effectively stem the water pollution that contaminates and threatens drinking water sources, fouls our streams, rivers and lakes, and makes a significant contribution to the nutrient pollution that has degraded the Chesapeake Bay and other estuaries and has led to growing hypoxic zones in the Gulf of Mexico and other coastal waters.

Establish Strict Environmental Regulations on Air Pollution from Concentrated Animal Feeding Operations (CAFOs)

Obama-Biden Platform

> "**Regulate CAFOs**: Concentrated Animal Feeding Operations (CAFOs), which raise more than 40 percent of U.S. livestock, comprise a larger share of the livestock industry every year. Barack Obama has worked for tougher environmental regulations on CAFOs. He has supported legislation to set tough air and water pollution limits for livestock operations, including limits on nitrogen, phosphorus, hydrogen sulfide, ammonia, and other pollutants. In the Obama Administration, the Environmental Protection Agency will strictly monitor and regulate pollution from large CAFOs, with fines for those who violate tough air and water quality standards. Obama strongly supports efforts to ensure meaningful local control."

Relevant Programs

Programs: Clean Air Act (CAA), Comprehensive Environmental Response Compensation & Liability Act (CERCLA); Emergency Planning & Community Right to Know Act (EPCRA).

Agency: Environmental Protection Agency

Recommendation – Administrative Action

Urge Congress to revoke, or revoke administratively, a "midnight final regulation" issued by EPA in mid-December which provides exemptions for many CAFOs from the requirements of the Comprehensive Environmental Response Compensation & Liability Act (CERCLA) and the Emergency Planning & Community Right to Know Act (EPCRA).

Bring to an end a Voluntary Air Compliance Agreement between EPA and CAFOs to exempt CAFOs from enforcement of the Clean Air Act, the Comprehensive Environmental Response Compensation & Liability Act (CERCLA) and the Emergency Planning & Community Right to Know Act (EPCRA).

Background in Brief

Hazardous air emissions from CAFOs include ammonia, hydrogen sulfide and other pollutants that can damage human health and the environment. But at the behest of the large-scale industrial agriculture industry, EPA is issuing a final regulation that would exempt many CAFOs from important requirement to report to federal authorities about the release of reportable quantities of hazardous waste emissions from the CAFO's animal waste. This regulatory exemption is not authorized by these Acts and should be revoked immediately.

In 2005, EPA offered CAFO owners and operators the opportunity to avoid EPA enforcement of the CAA, CERCLA and EPCRA if the CAFO entered into a Voluntary Consent Agreement and agreed to volunteer their operations for a National Air Emissions Monitoring Study. Over 14,000 CAFOs signed up under the Agreement but only 25 sites on 21 farms in 10 states are actually being monitored under the study. EPA has estimated that it will not be ready to summarize the data and develop air emission methodologies for CAFOs until the end of 2010 and that it will not resume enforcement until new regulations are issued, which may not happen until 2012. Meanwhile, CAFOs are free to emit air pollutants, including hazardous air emissions, without being subject to any enforcement by EPA.

In September 2008, the Government Accountability Office issued a report entitled *Concentrated Animal Feeding Operations: EPA Needs More Information and a Clearly Defined Strategy to Protect Air and Water Quality from Pollutants of Concern* which emphasized that no federal agency -- including the EPA and USDA -- collects accurate and consistent data on the number, size and location of CAFOs, despite more than a decade of public concern and litigation to control CAFO pollution. The report noted that EPA has provided CAFOs with air emission exemptions without an accurate accounting of the potential harms from CAFO waste emissions. The report also raises concern about the adequacy of the protocols being established for obtaining CAFO air emission data under EPA's Voluntary Air Compliance Agreement. This Voluntary Air Agreement should be rescinded and EPA should be required to enforce these statutes.

EQIP CAFO Issues

Obama-Biden Platform

> "**Limit EQIP Funding for CAFOs**: Barack Obama and Joe Biden believe that we should help farmers find the resources to comply with environmental requirements. The Environmental Quality Incentives Program (EQIP) provides important financial support to farmers seeking to improve the environmental quality of their operations. Unfortunately, the 2002 Farm Bill lifted the cap on the size of livestock operations that can receive EQIP funding, enabling large livestock operations to receive EQIP payments and subsidizing big CAFOs by as much as $450,000. Barack Obama and Joe Biden supports reinstating a strict cap on the size of the livestock operations that can receive EQIP funding so that the largest polluters have to pay for their own environmental cleanup."

Relevant Program

Program: Environmental Quality Incentives Program

Agency: Natural Resources Conservation Service

Recommendation – Administrative Actions

1. Reinstate the 1996-2002 cap on the size of livestock operations that can receive EQIP funding for animal waste storage and transport facilities and equipment. As originally authorized and implemented, large-scale regulated industrial CAFOs were prohibited from receiving EQIP funds for any type of animal waste storage and transport. While the legislative prohibition was removed in 2002, the Administration could re-instate the policy through regulation. A NEPA review of subsidizing the expansion of industrial livestock facilities and the concentration of the industry, through EQIP and other USDA programs, is also long overdue.

2. Prohibit funding for waste facilities on all new and expanding CAFOs. The cap proposed in the Obama platform and detailed in point 1 above is the best and most comprehensive approach to this issue. But a second best approach would be to prohibit any funding for new and expanding CAFOs. EQIP was not intended to be a livestock production subsidy program, yet that is what it has become.

Federal law does not specifically prohibit EQIP funding to new or expanding CAFOs. As a consequence, in many states, EQIP contracts continue to be available to new CAFOs and to operations that plan on expanding significantly. In Missouri, for example, a livestock operation can expand by up to 150% before it becomes ineligible for the maximum EQIP cost-share. Under these regulations, a 5,000 head hog operation could grow to 12,500 animals and still qualify for the maximum cost-share. Prohibiting funding to new and expanding CAFOs sends a clear message that the federal government will not subsidize the expansion of a model of production that has proven to be a burden on public services and surrounding communities.

3. Return to prioritizing EQIP contracts based on cost-efficiency and lowest cost alternatives, not on the level of pollution generated by the operation. EQIP has moved sharply in the direction of funding cost-shares for expensive engineered structures, including anaerobic manure digesters and lined manure lagoons. One study of 2005 data found that 82% of EQIP funds went to cost-shares, while only 18% were used for incentive payments to support longer-term, more cost-effective conservation practices such as pest, grazing, nutrient and water management. Of all of the cost-share payments, animal waste storage facilities took the largest single bite out of program funds.

Along with other factors, the shift in prioritization has reduced the amount of support flowing to the program's original intended recipients – America's small and mid-sized farms – and increased the amount flowing to highly-polluting industrial livestock operations. A recent analysis of dairy and hog EQIP contracts found that although dairies housing over 500 cows make up only 3.9% of all dairy operations nationally, they receive an estimated 54% of all EQIP contracts to the dairy sector. Mid-sized dairies of 100-199 cows, which account for 13% of all dairies nationally, receive only 7% of dairy contracts. Similarly, hog operations of over 2,000 head comprise only 10.7% of all hog operations nationally but receive an estimated 37% of all EQIP contracts to the hog sector. Mid-sized hog farms with 500-999 head represent roughly 15% of all operations, but receive only 5.4% of EQIP hog contracts.

A return to prioritizing cost-effectiveness over the level of pollution generated will increase the efficiency with which taxpayer funds are used to promote environmentally beneficial practices on U.S. farms. It will also ensure that EQIP funds do not subsidize polluters.

4. Provide federal guidance to states to develop EQIP ranking systems de-prioritize existing CAFOs from funding for waste management systems. Many states have funding set-asides and ranking criteria that prioritize applications from highly-polluting operations and place waste-related proposals above proposals for longer-term conservation practices such as grazing management, habitat protection, conservation crop rotation or pest management. As a result, in many states, particularly those with a high concentration of CAFOs, waste-related practices receive a greater share of payments than any other practice.

Federal guidance is needed to assist states in developing ranking criteria that target funds to applicants capable of delivering the most significant environmental benefits. Providing guidance to states on the development of ranking criteria will help ensure that the EQIP program funds practices that have been proven, over the long term, to deliver the maximum environmental impact for the least amount of taxpayer support. It will also ensure that the ranking criteria are consistent with the resource-conservation and sustainability goals of the program.

5. Instruct NRCS to compile and analyze the use of EQIP funds by industrial livestock operations. EQIP funding to the livestock sector should be tracked by operation size category and the amount of manure generated by the operation. This information should be made publicly available.

NRCS has not made information publicly available on EQIP funding to industrial livestock operations. The most detailed information offered is an annual table of cost-share payments broken into three categories: payments to "confined" operations (defined as operations where the animal's primary source of feed is not pasture/grazing); payments to "unconfined" operations (where the animal is pasture-based); and an "indistinguishable" or "other" category, which applies to practices that could be implemented on either type of operation. This presentation does not serve the public adequately. The confined category has no relation to EPA's CAFO definition; many small- and mid-sized operations could be included in the "confined" category under the agency's definition. The categories are not used anywhere else by NRCS, which generally tracks livestock by the number of animals in the operation. Most important, the categories tell the public nothing about the environmental benefits provided by funded operations.

According to NRCS staff, the agency neither condenses nor analyzes data that would allow it to evaluate the impact of EQIP on industrial livestock operations and provide the public with information on how these operations use EQIP funds. Although livestock waste is now a major stated priority for the program, NRCS staff report that they do not track the size of the operations receiving funding or the volume of waste present on the operations. They do appear to collect this information in individual applicants' files, but it is neither compiled in a central database nor analyzed. As a result, it cannot be accessed by the public, nor can NRCS assess how effectively different sizes of operation use EQIP funds to meet the goals of the program.

To our knowledge, NRCS has not even initiated an internal program to track or monitor the impact of EQIP funding on the expansion of industrial operations or to measure the actual environmental outcomes of waste-related payments.

Taxpayers are asking whether the EQIP program uses their money effectively to safeguard the public good. NRCS has not provided the information needed to answer that question. Tracking the size of the operations receiving funding through EQIP will help the public better assess the impact and efficiency of the program. It will also help NRCS meet internal goals by ensuring that funds are encouraging sustainable, responsible and cost-effective manure management strategies.

6. Prohibit animal waste management practices from qualifying for the "special environmental significance" waiver. The 2008 Farm Bill lowered the total cap on individual payments from $450,000 to $300,000 over six years – still a massive increase over the original EQIP $50,000 payment limitation. Moreover, if the USDA determines projects are of "special environmental significance," the lower $300,000 cap can be waived. Allowing the waiver of the cap for livestock waste management could funnel EQIP funds to large and highly-polluting livestock operations, reversing the moderate fiscal and efficiency gains achieved by the $300,000 cap. Livestock waste management should be excluded from the category of contracts eligible for the waiver. In fact, we would urge that the waiver provision not be used at all.

Recommendation – Legislative Proposal

Cap the amount of EQIP funding available to an individual operator at $150,000. In its original form, EQIP capped payments to individual operators at $10,000 per year or $50,000 over five years. In the 2002 Farm Bill, the total cap on individual payments was raised nine-fold, to $450,000 over six years, and the annual cap was eliminated. Average EQIP contracts still to this day are considerably less than the original payment limitation. However, the number of super-sized EQIP contracts has increased since the removal of the CAFO prohibition in 2002.

Scaling Up Organic Agricultural Science and Education

Obama-Biden Platform

> "**Encourage Organic and Sustainable Agriculture**: Organic food is the fastest growing sector of the American food marketplace. Demand for sustainable, locally grown, grass-finished and heritage foods is also growing quickly. These niche markets present new opportunities for beginning farmers because specialty operations often require more management and labor than capital."
>
> "**Expand Research at Land Grant and 1890 Schools**: The research and education provided by the nation's land grant and 1890 colleges played a pivotal role in establishing America's competitive advantage in agriculture….Barack Obama and Joe Biden will increase research and educational funding for projects such as enhancing the profitability and competitiveness of small and mid-size farms, entrepreneurial education for adults and youth learners, and research on alternative energy production systems and how to produce conservation commodities efficiently."

Relevant Programs

Competitive Research Grant Programs:
- Organic Agriculture Research and Extension Initiative (OREI)
- Organic Transitions Research (ORG)

Other Programs:
- Agricultural Systems Competitiveness and Sustainability, Agricultural Research Service
- Alternative Farming Systems Information Center, National Agricultural Library
- Organic Market and Production Data Collection
- National Needs Graduate and Postgraduate Fellowship Grants Program

Agencies:
- Cooperative State Research, Education, and Extension Service
- Agricultural Research Service (ARS) including the National Agriculture Library
- Economic Research Service (ERS), Market and Trade Division
- National Agricultural Statistics Service, (NASS)

Recommendation – Administrative Action

Position U.S. agriculture to remain competitive and meet the challenges that lay ahead by facilitating the coordination of organic research, education, and extension efforts of the land grants, 1890's, and federal agencies. Multiple national needs call for a wide-scale national effort on ecological agriculture and food systems, maximizing the production of conservation commodities (soil, water, energy, wildlife, pollinators) and healthy food. The gradual proliferation of REE agencies and programs with activities related to organic agriculture is producing a wider range of science and education to address these needs, but the efforts lack overall coordination and strategy. Successful coordination will require a combination of administrative actions and budget proposals.

Specific Administrative Actions

1. Implement Advisory Board Recommendations. Immediate action can be taken to implement the March 2008 recommendations of the National Agricultural Research, Extension, Education and Economics Advisory Board (NAREEEAB) concerning organic research and education activity. Administrative actions recommended by the NAREEEAB include:

- Complete the hiring of a National Program Leader for organic agriculture at NIFA/CSREES; Develop a "roadmap" to guide and coordinate USDA organic research and extension activity;
- Establish a focus for organic agricultural systems within the National Needs Graduate and Postgraduate Fellowship Grants Program to encourage specialization in organic agriculture in colleges and universities; and
- Develop an online clearinghouse of research and other information on organic agriculture at the National Agricultural Library's Alternative Farming Systems Information Center.

2. Establish Inter-agency collaboration between REE and NRCS on organic conservation commodities. Under the 2008 Farm Bill, the two agencies have complementary mandates to integrate organic production with conservation outcomes. The research title mandates new commitments to organic research for conservation outcomes, and the conservation title establishes new initiatives to encourage organic conservation systems. USDA leadership should ensure that the agencies intentionally take a collaborative, synergistic approach to these goals from the outset.

Budget Proposals

1. "Fair Share" funding for the ARS NP-216 Organic Research Action Plan. ARS' national program for Agricultural Systems Competitiveness and Sustainability has a plan for organic research objectives but lacks sufficient funding to pursue this plan. The Administration should redirect funding within the Agricultural Research Service to achieve a "fair share" of agency funding for organic objectives by FY 2011. The "fair share" benchmark would match the "direct organic" portion of ARS' budget with the U.S. retail market share for organic foods and agricultural products (about 4%). Relative to the FY 2008 expenditures, this would mean slightly more than a doubling, from approximately $15 million to $36 million.

2. Increased funding for the National Agricultural Library's Alternative Farming Systems Information Center. As organic research results proliferate, dissemination of information becomes a critical limiting factor for the overall goals of widespread adoption. The NAL-ASFIC program is well positioned to lead the dissemination function within USDA. Maintenance of a national "information clearinghouse" for organic agriculture (as recommended by USDA's Research Advisory Board) will require an ongoing annual budget allocation of $250,000. This should be incorporated into the President's FY 2010 budget proposal.

Background in Brief

U.S. sales of products labeled organic -- produced under legal restrictions generally prohibiting toxic agricultural pollutants -- have grown steadily at 12-20% annually since the late 1980s. In 2007 the U.S. organic market totaled about $20 Billion, about 4% of all U.S. food retail. Growth of domestic organic agriculture has lagged well behind demand, limited by federal policy obstacles and the near-absence of scientific research and extension support.

Agricultural research and extension specific to organic agriculture was virtually taboo until the mid-1990s. Congressional recognition supporting organic agricultural research began in 1997. Dedicated programming began in FY 2001 but did not exceed 0.2% of USDA-REE expenditures until after the 2002 Farm Bill. FY 2008 federal direct-organic REE expenditures were roughly $27 million, representing slightly more than 1.2% of the total mission area.

The small but growing body of research on organic systems consistently validates the long-term potential of advanced organic agriculture to match conventional yields while providing superior performance with respect to pollution reduction, wildlife conservation, energy consumption and farm profitability. Recognition of these multiple benefits has resulted in slight, but steadily increased funding and institutional capacities.

The 2008 Farm Bill provides a significant increase for the Organic Agriculture Research and Extension Initiative (OREI), the flagship competitive USDA grants program for organic science and education. With the increases mandated by the new Farm Bill, total combined FY2009 REE for organic systems and markets should be $35-40 Million. (This represents about 2% of total REE allocations, still only half the percentage of U.S. market shares for organic foods.)

National Organic Certification Cost Share Program

Obama-Biden Platform

> "**Encourage Organic and Sustainable Agriculture**: Organic food is the fastest growing sector of the American food marketplace….To support the continued growth of sustainable alternative agriculture, Barack Obama and Joe Biden will increase funding for the National Organic Certification Cost-Share Program to help farmers afford the costs of compliance with national organic certification standards.."

Relevant Program

Program: National Organic Certification Cost Share Program

Agency: National Organic Program (NOP)/Agricultural Marketing Service (AMS)

Recommendations - Administrative Actions

1. Ensure Proper Funding Distribution: When analyzing the initial $5 million provided for the NOCCSP through the 2002 Farm Bill, there were distribution inequities that should be avoided with the new 2008 Farm Bill funding cycle. Some states ran out of NOCCSP funding relatively quickly, while others never fully utilized their funds. We recommend that USDA take the following actions to prevent this problem from occurring again:

- When allocating funds to the States, USDA should use NOP's list of existing certified farms and handlers as a reference, but should also factor in a 5 percent average national growth rate in certified organic operations, based on ERS' most recent data on total certified organic operations in the United States.

- States should be given an annual deadline for distributing their funds to eligible farmers and handlers in their states. Any funds not distributed by that date should be re-pooled and re-distributed to other states based on demonstrated need.

2. Improve Outreach and Information Dissemination: When the NOCCSP was first authorized, there was little outreach to potential recipients. As a result, use of the funds was inconsistent across states. Because the program is currently administered through State Departments of Agriculture, these agencies are the best conduit for outreach. However, in most cases, certifiers would have the best data regarding the certified farms and handlers in each state. Therefore we recommend that USDA take the following actions:

- When distributing NOCCSP funds to State Departments of Agriculture, USDA should require each State to inform the potential recipients regarding the availability of the assistance, and to distribute a fact sheet developed by USDA.

- NOP should provide information about the NOCCSP to all Accredited Certifying Agents (ACAs) located in the United States, including contact information regarding the State agencies and personnel administering the program.

- NOP should require the ACAs to send an annually updated list of certified entities to the relevant State agency for each State in which the certifier operates.

- NOP should organize data that is already collected annually regarding certified operations into a searchable database available to the public and state programs that provides updated information about certified entities in each state.

- NOP should post on its website a clear description of the NOCCSP and include contact information and links for the State programs and personnel administering the program. Currently, the NOP website only includes information about the 16-State AMA program.

3. Establish Reporting Requirements and Tracking Mechanism: It has been difficult to access clear and consistent information from USDA regarding the status of the initial $5 million allocation provided for the NOCCSP. Part of the problem was inconsistent information from the States regarding their use of the funds. We recommend that USDA take the following actions to address these concerns:

- When distributing the NOCCSP funds to the various State Departments of Agriculture a letter from USDA should also accompany those funds stating clearly what information the States are required to provide to USDA, in what format, and the deadlines for providing the information. In this manner, it will be much easier for USDA to track the information and provide consistent data about the funding status of the program.

- States should be required to provide data on the number of requests and disbursements to organic farmers and handlers, as well as any projections on change in demand for the program for the next fiscal year.

Background in Brief

For many organic farmers and handlers, particularly those of small and medium scale, the annual cost of organic certification can be burdensome. In recognition of this problem, Congress created the NOCCSP as part of the 2002 Farm Bill, and provided $5 million in one-time mandatory funding for the program. The funding provided was depleted early, leaving farmers in many States without funding in 2006 and 2007. Fortunately, the 2008 Farm Bill reauthorized the NOCCSP and provided $22 million in one-time mandatory funding for the program, to be available until fully expended. A separate mandatory funding allocation of $7.5 million was made for organic certification cost-share assistance for producers in 16 states, through the reauthorization of the Agricultural Management Assistance (AMA) Act.

Organic Conversion Assistance

Obama-Biden Platform

"**Encourage Organic and Sustainable Agriculture**: Organic food is the fastest growing sector of the American food marketplace. Demand for sustainable, locally grown, grass-finished and heritage foods is also growing quickly. These niche markets present new opportunities for beginning farmers because specialty operations often require more management and labor than capital."

"Partner with Landowners to Conserve Private Lands:...Barack Obama and Joe Biden will put an unprecedented level of emphasis on the conservation of private lands…"

Relevant Program

Program: Environmental Quality Incentives Program

Agency: Natural Resources Conservation Service

Recommendation – Administrative Action

Support the widespread adoption of organic systems by ensuring adequate and appropriate technical assistance and nationwide access to the newly authorized support for organic conversion and conservation practices under the Environmental Quality Incentives Program (EQIP).

Specific Administrative Actions

1. Ensure Adequate and Appropriate Technical Assistance. Technical assistance lies at the very heart of NRCS' mission and is critical to the successful delivery of conservation financial assistance programs. With its knowledge and management-intensive, systems-based production model, successful adoption of organic systems will hinge on NRCS' ability to provide comprehensive technical assistance. As a result, NRCS should take a coordinated approach that includes contracting with NGOs, certifiers, and others who currently have the appropriate expertise to provide the necessary outreach and assistance in the near-term, while working to build capacity within the agency to deliver adequate technical assistance over the long-term. A coordinated approach should include:

- Cooperation with Cooperative State Research, Education, and Extension Service (CSREES) to build a research agenda that fosters the knowledge base necessary for NRCS to maximize the conservation outcomes of organic systems.

- Encouragement of state and local NRCS offices to develop partnerships with ARS, Land Grant Universities, State Departments of Agriculture, and growers' organizations in their area to identify scientific and educational opportunities related to organic conservation systems.

- In addition to increasing the capacity of existing staff through trainings and inter-agency collaboration, hiring an organic expert in each state who can serve as the state organic technician or organic specialist.

- The conservation technical assistance that is provided will need to be tailored to the systems-based approach of organic production and also need to be proportionate to the knowledge-intensive nature of organic production. As a result, the technical assistance amount for organic conversion may in many instances be twice the level of ordinary EQIP. NRCS must take these considerations into account when determining technical assistance rates.

- To ensure successful organic systems, technical assistance for marketing and business planning to provide farmers with the knowledge and skills necessary to sustain the economic viability of their organic conservation production systems should be made available, in addition to conservation technical assistance.

2. Ensure Nationwide Access. No longer should those farmers looking to transition to organic production, anywhere, be told that EQIP does not pertain to them or be told that their state or county does not have the relevant conservation practice standard or activity for organic conversion. As a first step, the agency should ensure that all counties and all states offer an organic conversion practice or suite of practices. As a second step, NRCS needs to create a nationwide set-aside -- or a similar mechanism that would achieve the goals of a nationwide set-aside -- to ensure that the program is offered in every state, and that producers looking to transition to organic production in every county of every state, have the ability to compete for a substantial separate pool of funding, increasing the likelihood that they would be able to access funding.

We propose the following guidelines for a nationwide set-aside mechanism:

First, with the organic share of the domestic food retail market approaching 5%, it seems that an initial set aside that reflects this share would be a reasonable to get the program off the ground. This figure would include money to provide both financial assistance and technical assistance. The national set-aside money should be allocated to each state based on a formula that takes into consideration the ratio of existing organic acreage to conventional acreage in the state and the rate of increase in organic acreage in the state in the last five years.

Second, the national allocation to each state should be treated as a minimum, and should not preclude states from setting aside additional money from their state EQIP budgets for the program. To encourage states to set-aside additional funds for the transition to organic production, an allowance to re-pool any unused funding for general use should be included. The timing for this re-pooling option should come after the main EQIP ranking process and contract signing which usually takes place in January or February and allow for sufficient time for transitional producers to access the funding.

Background in Brief

Prior to the 2008 Farm Bill, several states took it upon themselves to offer assistance for transition to organic production through their respective state EQIP programs. The Northeast states also provided such assistance under the Agricultural Management Assistance program as well as EQIP.

Congress, recognizing the wisdom of this activity, has now authorized organic assistance, including organic conversion assistance, under EQIP at the national level.

The 2008 Farm Bill established the new Organic Production and Transition Assistance as an option within EQIP. 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 financial and technical assistance under the new provision. 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. Technical assistance is not factored into the maximum payment.

Crop Insurance Fairness for Organic Farmers

Obama-Biden Platform

> **"Encourage Organic and Sustainable Agriculture**: Barack Obama and Joe Biden will also… reform the U.S. Department of Agriculture (USDA) Risk Management Agency's crop insurance rates so that they do not penalize organic farmers."

Relevant Programs

Programs:

- Federal Crop Insurance
- Organic Market and Production Data Initiatives

Agencies:

- Risk Management Agency (RMA)
- Marketing and Regulatory Programs (MRP)/Agricultural Marketing Service (AMS)

Recommendation – Administrative Actions

Facilitate swift improvements in crop insurance for organic producers by requiring an immediate cross-agency collaboration to establish organic as an "end use" category, ensuring the use of sound science in determining whether to remove the current penalty surcharge paid by organic farmers on their crop insurance premiums, and encouraging the development of new insurance products particularly suited for organic farmers.

Specific Administrative Actions

1. Recognize organic crop prices for insurance purposes. Require immediate, coordinated action by agencies (RMA, AMS, FSA) to establish recognition of organic production as an "end-use" category in price reporting and price-election for application across all types of crop insurance products. The absence of such recognition is a primary obstacle to the expansion of U.S. organic production as farmers are deterred by the lack of adequate insurance for organic operations. Establishing an "end use" category for organic production would provide the basis from which to offer price elections that reflect organic crop prices.

Section 12023 of the 2008 Farm Bill requires the development and implementation of procedures to be able to offer price elections for organic crops beginning in the 2010 crop year. Coordinated policy development by all the relevant agencies will be required to achieve the desired outcomes. As a result, collection of organic price data and preparation for recognition of organic as an "end-use" category should be undertaken by the agencies immediately.

2. Use peer reviewed sustainable and organic agriculture research findings in determining whether to remove crop insurance surcharge premiums currently charged to organic farmers. The 2008 Farm Bill also requires a review of underwriting, risk and loss experience with organic farming to determine whether systematic variations exists between organic and conventional production. If the review shows no systematic variation, the current 5 percent penalty surcharge on organic production is to be removed. The agency is contracting out the review. It is crucial that the review consider the full range of available data and research, including data collected by the National Agricultural Statistics Service and the Agricultural Marketing Service as well as the substantial body of peer reviewed research and journal articles comparing organic and conventional production from a risk management standpoint. The review should also consult with independent experts in the field, including pioneering farmers.

3. New Insurance Products for Organic Producers. Beyond adjusting existing crop insurance products for fairness, RMA should begin investigating options for new insurance products specifically suited to organic farming. Proposals should be solicited for this work under Section 508(h) of the Federal Crop Insurance Act.

Recommendation - Budget Proposal

Facilitate swift improvement in crop insurance for organic producers by requesting $2 million in funding for the Organic Production and Market Data Initiatives in FY 2010.

Noting the *"critical importance of collecting data related to crop loss risk, and farm-gate prices, in order to determine appropriate products and premiums for crop insurance policies offered to organic producers,"* the Managers of the 2008 Farm Bill provided $5 million in mandatory funding for the Organic Production and Market Data Initiatives to jumpstart organic data collection efforts at USDA. The Managers, recognizing that *"remedying the unmet data collection needs of the organic sector will require further investment,"* also provided an additional annual authorization of appropriations for up to $5,000,000.

Inclusion of $2 million in the Administration's FY 2010 budget request for additional organic data collection can help ensure that the data necessary to restore fairness to federal crop insurance policies and develop additional risk management products particularly suited to organic producers is available.

Background in Brief

Organic farmers applying for crop insurance are currently automatically charged a 5% surcharge on crop insurance premiums because they are organic (based on the assumption that organic practices are riskier than conventional farming practices). In addition to paying a surcharge, if the organic farmer does suffer a crop loss, the farmer is reimbursed at the lower conventional crop price and not at the higher value of their organic products. These inequities in crop insurance have served as deterrents to farmers considering transitioning to organic production.

Section 12023 of the 2008 Farm Bill sets in motion the development of improvements to federal crop insurance for organic producers by requiring a study of the basis for the current premium surcharge organic farmers must pay and procedures to offer price elections that reflect the price of organic crops. The ability of this provision to restore fairness to crop insurance for organic producers is dependent upon the quality and quantity of organic data.

ISO Compliance for the National Organic Program

Obama-Biden Platform

> **"Encourage Organic and Sustainable Agriculture**: Organic food is the fastest growing sector of the American food marketplace. Demand for sustainable, locally grown, grass-finished and heritage foods is also growing quickly. These niche markets present new opportunities for beginning farmers because specialty operations often require more management and labor than capital."

Relevant Programs

Programs: National Organic Program (NOP); National Voluntary Conformity Assessment System (NVCASE)

Agency: Agricultural Marketing Service, USDA; National Institute of Science and Technology, Department of Commerce

Recommendation – Administrative Action

Ensure the integrity of organic certification by establishing compliance of the National Organic Program with ISO Standard 17011.

A number of problems have been identified regarding the NOP's performance as an accrediting body for organic certifiers. This poor performance is a major limiting factor of the program's effectiveness and in turn seriously limits the integrity and growth of the organic sector. The NOP has never demonstrated compliance with relevant ISO standards that are intended to prevent these shortcomings. As a result, the NOP should be audited for ISO compliance and implement the resulting recommendations.

The best available mechanism for this review is the National Voluntary Conformity Assessment System (NVCASE), operated by the National Institute of Science and Technology in the Department of Commerce. The NVCASE program provides audits of many types of accreditation programs against ISO/IEC 17011 (previously known as ISO 61). The scope of the program specifically includes assessment of accreditation programs for organic certification

Background in Brief

The National Organic Program regulates the labeling and certification of organically produced goods under the Organic Foods Production Act of 1990. The regulation (7CFR, 205.209) specifically references NOP compliance with International Standards Organization (ISO) standards for certifier accreditation agencies. ISO/IEC 17011 is the internationally accepted standard for assessment of accreditation bodies.

Office of Advocacy and Outreach

Obama-Biden Platform

> "**Encourage Young People to Become Farmers**: Becoming a successful farmer is a lifelong endeavor. Barack Obama and Joe Biden will establish a new program to identify the next generation of farmers and ranchers and help them develop professional skills and find work that lead to farm ownership and management."

Relevant Program

Program: Office of Advocacy and Outreach

Agency: New Office within USDA Executive Operations

Recommendation – Administrative Action

As directed by the 2008 Farm Bill (authorized in Section 14013), create the new Office of Advocacy and Outreach and place it at the Departmental level, as a clearly separate office equal to other Executive Operations offices, directly under and reporting to the Secretary of Agriculture, rather than under or through any other office, mission area, Assistant Secretary or Under Secretary. Ensure that the new directors and staff of the Office of Advocacy and Outreach have significant previous experience working with small farms and with beginning and socially disadvantaged farmers and ranchers, as well as a deep understanding of the current and emerging programs of the Department. Ensure that the new office is adequately funded. Make the Office the new Secretary's centerpiece for moving forward aggressively with major policies and programs for small and moderate-sized family farms and beginning farmers and minority farmers and ranchers.

Background in Brief

USDA's attention to small and mid-sized farms and to beginning and socially disadvantaged farmers and ranchers—key sectors of U.S. agriculture—has been sporadic and fractured, to the detriment of farmers, rural communities, and the economy. In creating the new Office of Advocacy and Outreach, Congress recognized the clear need to place direct emphasis on smaller farms and beginning and socially disadvantaged farmers and ranchers, as well as better coordination and accountability across all USDA mission areas that apply to these sectors.

The viability and profitability of small farms and beginning and socially disadvantaged farmers and ranchers require a multi-faceted approach -- no one program or provision can address all needs. It is therefore imperative that USDA make full use of this new authority and establish cross-cutting departmental goals and objectives, measure progress and outcomes, and provide input into programmatic and policy decisions across all USDA mission areas that relate to small, beginning and socially disadvantaged farmers and ranchers. This will provide clear focus and attention to enable these sectors to flourish.

Within the new office, the Socially Disadvantaged Farmers group includes the new Advisory Committee on Minority Farmers and the new USDA Farmworker Coordinator. The existing functions of the current Office of Outreach and Diversity which serves socially disadvantaged producers and minority serving institutions are also transferred to the Office of Advocacy and Outreach from the Office of the Assistant Secretary for Civil Rights, thereby allowing the ASCR to focus solely on the critical tasks of assuring USDA compliance with civil rights laws and addressing the many unresolved civil rights cases and issues. This transfer allows the functions of the current Office of Outreach and Diversity to be separated from the issues of program and service discrimination and folded into a special group that focuses on building a better present and future in agriculture for socially disadvantaged producers.

The Small and Beginning Farmers and Ranchers group is given responsibility for continuing and building upon the functions for the existing Office of Small Farms Coordination, the Small Farms and Beginning Farmer and Rancher Council, and the Advisory Committee for Beginning Farmers and Ranchers, plus a consultative role on the administration of the Beginning Farmer and Ranchers Development Program administered by CSREES.

Beginning Farmer and Rancher Development Program

Obama-Biden Platform

> **"Encourage Young People to Become Farmers**: Becoming a successful farmer is a lifelong endeavor. Barack Obama and Joe Biden will establish a new program to identify the next generation of farmers and ranchers and help them develop professional skills and find work that leads to farm ownership and management. They will help our land-grant university system and the cooperative extension services work closely with organizations such as 4-H and FFA to identify and prepare candidates for this program."

Relevant Program

Program: Beginning Farmer and Rancher Development Program (BFRDP)

Agency: Cooperative States Research, Education, and Extension Service

Recommendation – Administrative Action

Ensure swift delivery and implementation of the BFRDP with mandatory funding to support new and established initiatives that provide local and regional training, education, outreach and technical assistance for beginning farmers and ranchers.

Ensure the legislative intent regarding the priority for grants is adhered to: "*the Secretary shall give priority to partnerships and collaborations that are led by or include non-governmental and community-based organizations with expertise in new agricultural producer trainings and outreach*."

Recommendation – Budget Proposal

Guarding against budgetary and appropriations measures that threaten to cut mandatory funding is key to successful implementation and usage of the program. Already, the Senate Appropriations Committee has proposed a $2 million change in mandatory spending (CHIMP) that should be rejected, as should any future proposed CHIMPs. It is critical that USDA Budget Requests include full funding and no changes in mandatory spending.

Background in Brief

The Beginning Farmer and Rancher Development Program was reauthorized in the 2008 Farm Bill and for the first time ever received mandatory funding—$18 million, $19 million, $19 million and $19 million for FY 09-12 respectively. As part of a larger beginning farmer package, the BFRDP is a substantial investment aimed at providing support to collaborative networks or partnerships which may include community-based organizations, non-governmental organizations, and extension and educational institutions that provide beginning farmer and rancher education, training, and assistance.

USDA is already moving forward with implementation of the BFRDP. National program leaders assigned within CSREES are well equipped and experienced with delivery of competitive grants programs that work with community based organizations. An initial request for applications is expected early in 2009.

Demand for the BFRDP is great. There is opportunity in agriculture today. New farming opportunities are being spurred by the growth in new markets like organics, local foods, energy crops, and pasture-based livestock production.

Despite the growing opportunities in agriculture, however, this diverse new generation of farmers and ranchers faces a set of very difficult challenges. Adequate access to credit, training, technical assistance, farmer networks, land, and markets are critical to their success.

The BFRDP is a common-sense initiative with the flexibility to support a number of different approaches and strategies to help new farmers and ranchers get started. Community-based organizations and networks can use the BFRDP to address the barriers that new agricultural producers face. Matching federal resources with community-based organizations and networks is a good approach that can produce results.

The 2008 Farm Bill outlines that BFRDP funds must primarily target beginning farmers and ranchers who have been farming or ranching less than 10 years. The term of a grant can be no greater than three years, or more than $250,000 per year. All grant recipients must provide a match in the form of cash or in-kind contribution equal to 25 percent of the awarded grant. The BFRDP also sets aside 25% of the yearly funds for grantees serving socially disadvantaged beginning farmers and ranchers. “Socially Disadvantaged” farmers and ranchers have traditionally been excluded from federal programs and include minority and women farmers and ranchers as well as immigrant and farm workers seeking to become farmers.

A Request for Applications for the BFRDP is anticipated by mid January 2009.

Beginning Farmer and Rancher Individual Development Account Program

Obama-Biden Platform

> **"Encourage Young People to Become Farmers**: Becoming a successful farmer is a lifelong endeavor. Barack Obama and Joe Biden will establish a new program to identify the next generation of farmers and ranchers and help them develop professional skills and find work that leads to farm ownership and management..."

Relevant Program

Program: Beginning Farmer and Rancher Individual Development Account Pilot Program

Agency: Farm Service Agency

Recommendation - Budget Proposal

Include $5 million each year for the Beginning Farmer and Rancher IDA program in the President's Budget Request for fiscal years 2010 through 2012.

Background in Brief

The Beginning Farmer and Rancher IDA program is a competitive grant program available to non-profits, tribes, and local government agencies to be administered by USDA's Farm Services Agency. The program would enable beginning farmers and ranchers to open an Individual Development Account (matched savings account) in order to save for a farming-related asset including, farmland, farming equipment, breeding stock, trees, or similar expenditures permitted by USDA. It is authorized by Section 5301 of the Credit Title of the 2008 Farm Bill (P.L. 110-234).

BFRIDA allows up to $3,000 of an individual farmer or ranchers' savings to be matched by local IDA providers at up to a 1:2 rate. Thus, farmers and ranchers can receive up to $6,000 annually in match, totaling $9,000 in leveraged savings. Program participants are required to complete financial training programs and develop a savings plan before the funds may be withdrawn for asset purchase.

The legislation authorizes up to $25 million – or five million a year over a five year period – for the program. While any tribe, non-profit, or local or state government can submit an application to receive a grant, a 50% local match is needed to obtain the federal grant which may not exceed $250,000.

If fully funded, BFRIDA could administer at least 20 grants. With up to 40 IDA accounts at each site and 800 IDA savers in 15 states annually, 4,000 agricultural entrepreneurs could receive matched savings over the tenure of the pilot program.

This program contains both the infrastructure as well as the incentives for individuals who might not historically be able to save towards retirement or make intermediate, asset-building purchases. Funding has been authorized, but still needs to be appropriated. FSA staff is developing regulations now in anticipation of funding.

Beginning Farmer and Rancher Tax Package

Obama-Biden Platform

> "**Encourage Young People to Become Farmers**: Provide a capital gains tax break for landowners selling to beginning farmers and a first time buyers' tax credit for new farmers."
>
> "**Establish a Small Business and Microenterprise Initiative**: Establish a small business and microenterprise initiative that includes a 20 percent tax credit on up to $50,000 of investment in small owner operated businesses."

Recommendation – Legislative Action

Provide a 100% exemption on up to $500,000 of capital gains for sellers of agricultural land to qualifying first time farmers, as defined under the Internal Revenue Code, who are certified as being not larger than family-size farms by the USDA Farm Service Agency.

Establish a Microenterprise Investment Tax Credit for first time farmers who operate not larger than family-size farms and owner-operated businesses with fewer than ten employees in population loss counties.

Background in Brief

Capital Gains Exemption on Land Sold to Beginning Farmers -- The $500,000 capital gains exemptions on land sales to beginning farmers has been introduced by Senator Byron Dorgan. Beginning farmers could use the exemption to negotiate a price from land sellers below the bids of large established farms. Beginners could also use the exemption to entice investors to buy land and lease it back to them with an option to purchase.

Microenterprise and Beginning Farmer Tax Credit -- A microenterprise tax credit has been enacted at the state level (Nebraska). The concept has also been included in Senator Byron Dorgan's New Homestead Act. The credit should apply to the increase in business investment (expenses) over the prior year or the average of the prior three years, whichever is higher. Non-farm taxpayers would be eligible if they materially participate in microenterprises, as defined in the Internal Revenue Code, and farm taxpayers would be eligible if they qualify as first time farmers under the Internal Revenue Code and are certified as not larger than family size farms by the Farm Service Agency. Allowing the credit to be applied to prior years' taxes is critical for the measure to provide effective economic stimulus. Most microenterprises are cash strapped and many show no profit in their initial years or during severe recessions. A credit that they can carry back to reclaim taxes paid in prior years would free up cash to start or expand and thereby grow the rural economy out of recession.

Local and Regional Food Systems Programs

Obama-Biden Platform

> "**Support Local Family Farmers with Local Foods and Promote Regional Food System Policies**: Farming is a vanishing lifestyle. Less than one million Americans claim farming as their primary occupation. Those farmers who sell directly to their customers cut out all of the middlemen and get full retail price for their food - which means farm families can afford to stay on the farm, doing the important work which they love. Barack Obama and Joe Biden recognize that local and regional food systems are better for our environment and support family-scale producers. They will emphasize the need for Americans to Buy Fresh and Buy Local, and he will implement USDA policies that promote local and regional food systems."

Relevant Programs

Programs: Farmers Market Promotion Program; Value-Added Producer Grants; Local and Regional Food Enterprise Loans; Nutrition Programs; Healthy Urban Food Enterprise Development Center

Agencies: Agricultural Marketing Service; Rural Business-Cooperative Service; Food and Nutrition Service; Cooperative State Research, Education, and Extension Service; Economic Research Service

Recommendations - Administrative Action

1. **Establish Position of Local and Regional Food System 'Czar'** -- Create within the Office of the Secretary of Agriculture or within the Undersecretary for Marketing and Regulatory Affairs a new local and regional food systems "czar" who identifies cost-effective opportunities to coordinate across existing USDA resources to better serve and promote local and regional food systems.

This position would have the authority to effectively coordinate resources between such agencies as the Food and Nutrition Service, Agricultural Marketing Service, Rural Development, Food Safety Inspection Service, Farm Services Agency, Natural Resources Conservation Service, Cooperative State Research Extension and Education Service, and Risk Management Agency, and to coordinate outside the Department with the Farm Credit Administration, Food and Drug Administration, and EPA. This office would not supersede any agency's existing authority or mission, but rather ensure effective coordination.

One task of the position would be to create a centralized outreach tool – such as an online portal – for producers, businesses, and purchasers of local and regionally produced products to learn about and access USDA resources. Additionally, this position can assist in reviewing USDA rulemaking proposals for program and regulation implications for family farmers producing for local and regional food systems.

2. **Increase Capacity of the Farmers Market Promotion Program** (Agricultural Marketing Service) -- The 2008 Farm Bill increases funding for the Farmers Market Promotion Program eleven times the level of funding authorized in the previous farm bill. Given that the program is scaling up significantly, it is important that there is enough staff within the Marketing Services Division of the

Agriculture Marketing Service to adequately administer the program, including sufficient staff and infrastructure to manage a proposal review process with external stakeholders. In addition to providing adequate administrative capacity, the Secretary should encourage FMPP administrators to adopt a process for reviewing applications similar to that of the Cooperative State Research Education and Extension Service, which allows external stakeholders to participate on the review panel.

3. **Strengthen the Value-Added Producer Grant Program** (Rural Business Cooperative Service) - The VAPG program, while not exclusively dedicated to local and regional food, has a critical role to play in this arena. We have addressed this program in a separate one pager.

4. **Swiftly Implement Local and Regional Food Enterprise Guaranteed Loans** (Rural Business-Cooperative Service) -- Swiftly utilize the new 2008 Farm Bill authority and the interim rules for it issued in mid-December by the Bush Administration to provide guaranteed credit for emerging locally or regionally produced food enterprises. Immediate implementation and outreach for this program is particularly important as the priority set-aside within the Business and Industry Loan Program for locally and regionally produced food enterprises expires on April 1 of each fiscal year. The priority sets aside 5% of total program funds for proposals with a local or regional food distribution component and in fiscal year 2009 is worth approximately $50 million in private-sector loans.

Due to worsening economic conditions, loan guarantee use has increased by $200 million in calendar 2008. It is important to ensure this discretionary program retains or increases its funding through the appropriations process.

5. **Strengthen Coordination of Nutrition Programs and Farmers Markets** (Food and Nutrition Service) -- The Food and Nutrition Service should provide a streamlined application process for farmers markets to be eligible vendors for SNAP and WIC farmers' market programs. Additionally, the Secretary should direct and the state FNS agencies to ensure that all eligible farmers markets be allowed to receive a wireless electronic benefit transfer (EBT) terminal or equivalent value voucher for the purchase of wireless EBT terminal to facilitate EBT use at market sites without telephone and power access..

6. **Establish the Healthy Urban Food Enterprise Development Center** (Cooperative State, Research, Education, and Extension Service) -- Ensure the swift implementation of this new Center created by the 2008 Farm Bill by establishing a competitive request for application process with review by external stakeholders.

Recommendation - Legislative Proposal

Local Food Systems Study and Recommendations -- The Economic Research Service is conducting an 18-month Local Food System study at the request of several Senate offices, based on farm bill discussions. The Secretary should instruct the team to develop recommendations to USDA and Congress for advancing local and regional food systems and should transmit a legislative proposal to Congress after the study has been completed and the recommendations fully vetted.

Background in Brief

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—among individual consumers as well as food retailers, the food service industry, and institutional purchasers (schools, universities, and hospitals) -- can be an important way to increase the incomes of farmers and ranchers. However, many producers still face obstacles such as the lack of processing and distribution infrastructure needed to enable a local of regional food system to emerge. The following programs are aimed at helping farmers gain access to these markets and ultimately increase their share of the food and agricultural system profit.

The ***Farmers Market Promotion Program*** aims to increase and strengthen direct producer-to-consumer marketing channels. The 2008 Farm Bill authorizes $33 million in mandatory funding over the next five years.

The ***Value-Added Producer Grant Program*** provides competitive grants to independent agricultural producers to create or develop value-added producer-owned businesses, including mid-tier value chains and other local and regional food marketing. The 2008 Farm Bill authorizes $15 million in mandatory funding for VAPG, as well as $40 million a year in discretionary funding.

The ***Local and Regional Food Enterprise Guaranteed Loans Program*** of the Business and Industry Loan Program aims to provide guaranteed loans that 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. The 2008 Farm Bill authorizes not less than 5% of the annual appropriations for the B&I Loan Program is made available for this.

Diet-related diseases are skyrocketing and access to healthy food, especially in low-income and underserved communities, is often scarce. The following Nutrition Programs aim to increase access to fresh, nutritious fruits and vegetables for low-income Americans.

The ***Farmers Market Nutrition Program*** of the WIC program is aimed at providing fresh, nutritious, unprepared, locally-grown fruits, vegetables, and herbs to WIC recipients and to expand the awareness and use of farmers' markets. Currently eligible WIC participants are issued FMNP coupons in additional to their regular WIC food instruments that can be used to purchase foods from farmers' markets or roadside stands -- the farmers, farmers' markets or roadside stands then submit the coupons to the bank or State agency for reimbursement.

The ***Senior Farmers Market Nutrition Program*** awards grants to States, territories, and 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 2008 Farm Bill provides $20.6 million per year for the SFMNP for the next five years.

The ***Healthy Urban Food Enterprise Development Center*** is established through the 2008 Farm Bill to provide small grants and technical assistance to small and medium-sized agricultural producers, food wholesalers and retailers, schools, and other individuals and entities regarding best practices and increasing the availability of such products in underserved communities, also known as "food deserts."

Conservation Stewardship Program (CSP)

Obama-Biden Platform

> "**Partner with Landowners to Conserve Private Lands**: Because most rural land is privately-owned, farmers, ranchers, and private landowners are the principle stewards of rural land and water. As a U.S. Senator, Barack Obama has supported conservation programs, such as the **Conservation Security Program** (CSP), that serve as a resource to farmers and assist them with sustainable environmental planning and best land management practices. Barack Obama and Joe Biden will put an unprecedented level of emphasis on the conservation of private lands…They will also **increase funding for CSP** and the Conservation Reserve Program and will create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

Relevant Program

Program: Conservation Stewardship Program (CSP)

Agency: Natural Resources Conservation Service (NRCS) of USDA

Recommendation – Administrative Action

Act very quickly to issue an interim final rule and implement the newly revised program for FY 2009. With the outgoing Administration essentially punting on rulemaking and program implementation, the clock will be ticking rapidly by January 20, with less than two months to go before the beginning of planting season in northern regions and already late in the south. It is vital therefore for the job of finishing the rule to be a very top out of the starting gate priority.

A letter and detailed set of rulemaking recommendations forwarded to USDA from 100 national, regional and local farm and conservation organizations is available at: http://sustainableagriculturecoalition.org/wp-content/uploads/2008/12/csp-implementation-sign-on-letter.pdf

Recommendation – Budget Proposal

Guarding against budgetary and appropriations measures that threaten to cut mandatory funding is key to successful implementation of the CSP. It is critical that USDA Budget Requests assume full funding with no changes in mandatory spending and that the new leadership team at USDA fight any efforts to cut funding.

Background in Brief

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 targets funding to address particular resources of concern in a given watershed or region and assists 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 authorized a new nationwide, continuous sign-up for CSP which means farmers and ranchers anywhere in the country will be able to apply for the CSP any year and at any time of the year. Periodically during the year, USDA's NRCS 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. 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

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.

Many aspects of the new CSP remain the same as the original program, including:

- a predominant focus on management practices;
- a strong emphasis on conservation systems and planning;
- an explicit dual reward structure for existing and new conservation effort;
- an emphasis on continual improvement and adaptive management;
- higher environmental standards relative to EQIP and other working lands programs;
- an innovative use of resource-specific indices to measure and compensate for environmental benefits and ecosystem services; and
- the opportunity for ongoing renewals of the 5-year CSP contract based on fulfillment of the contract terms and agreement to pursue additional conservation.

New elements include a competitive ranking system which selects for those making commitment to addressing priority regional environmental issues in breadth and depth, coordination between CSP and organic certification, payments more explicitly geared to the level of environmental benefits, and supplemental payments for resource-conserving crop rotations.

Cooperative Conservation Partnership Initiative

Obama-Biden Platform

> "**Partner with Landowners to Conserve Private Lands**: Because most rural land is privately-owned, farmers, ranchers, and private landowners are the principle stewards of rural land and water. Barack Obama and Joe Biden will put an unprecedented level of emphasis on the conservation of private lands…They will also increase funding for CSP and the Conservation Reserve Program and will create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

Relevant Program

Program: Cooperative Conservation Partnership Initiative (CCPI)

Agency: Natural Resources Conservation Service

Recommendation – Administrative Action

Continue the current Administration's plan to implement the CCPI by issuing Requests for Proposals at the state and national level. There is no need for a separate rulemaking on this multi-program initiative.

Encourage strong participation by State Technical Committees in formulating priority uses for the CCPI.

Encourage State offices to look for opportunities to marry CCPI projects with WREP or CREP where appropriate.

Provide a national guidance document to encourage states to give priority to proposals which encourage States to the maximum extent possible to choose projects that not only deliver strong environmental results, but also foster community development and rural landscape amenities. The guidance should also encourage on-farm demonstration of resource-conserving crop rotations, conservation tillage, cover crops, and strategically located conservation buffers related to the sustainable production of biomass feedstocks for the emerging bioeconomy.

Background in Brief

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, the Environmental Quality Incentives Program and the Wildlife Habitat Incentive Program. 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 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.

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.

Farmers and ranchers may enter into partnerships with state and local governments, Indian tribes, producer associations, farmer cooperatives, institutions of higher education, and/or nongovernmental organizations.

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. The Statement of the Managers of the 2008 Farm Bill encouraged these innovative combinations.

Public access to natural space can be a development asset to help revitalize rural communities and giving community members a stake in conservation will help boost conservation outcomes. Rural community amenities can play a significant role in attracting and retaining residents and improving economic growth. Dual-goal, win-win projects are particularly important investments during these difficult economic times.

Conservation Reserve Program, CRP Transition Option, and Continuous CRP

Obama-Biden Platform

> **"Partner with Landowners to Conserve Private Lands**: Because most rural land is privately-owned, farmers, ranchers, and private landowners are the principle stewards of rural land and water. Barack Obama and Joe Biden will put an unprecedented level of emphasis on the conservation of private lands…They will also increase funding for CSP and the Conservation Reserve Program and will create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

Relevant Program

Program: Conservation Reserve Program; Continuous Conservation Reserve Program (CCRP)

Agency: Farm Service Agency

Recommendation – Administrative Action

Immediately issue rules to implement the CRP Transition Option for beginning and socially disadvantaged farmers and ranchers. Remove the Transition Option, which deals with acres leaving the CRP program, from the environmental impact review of policies for land remaining in CRP.

Offer a Signing Incentive Payment (SIP) and Practice Incentive Payment (PIP) on all eligible acres farmers choose to enroll in the CCRP. Current practice of selecting only certain conservation buffer practices for the bonus rates rather than all of them is unnecessarily restricting enrollment on some of the most beneficial buffer practices.

Develop a comprehensive plan for implementing the new Farm Bill authority to revise the CRP, CCRP, and CREP to help fulfill goals and objectives identified in relevant fish and wildlife conservation initiatives, including State Wildlife Action Plans, and to increase pollinator habitat.

Background in Brief

The CRP Transition Option for beginning and socially disadvantaged farmers and ranchers is brand new in the 2008 Farm Bill. The CRP Transition Option offers a special incentive of two years of extra CRP rental payments to owners of land, which is currently in the CRP but returning to production, who rent or sell to beginning or socially disadvantaged farmers and ranchers who will use sustainable grazing practices, resource-conserving cropping systems, or transition to organic production. Any qualified beginning or socially disadvantaged farmer or rancher is eligible to participate, except for family members of the retiring owner or operator of the CRP ground 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. Presently, however, FSA plans to hold up implementation of the new option for land leaving the CRP in order to conduct a multi-year environmental impact statement review on CRP policies in general. That proposed delay is inappropriate for a program option for land leaving the program and would delay implementation until years when relatively few CRP contracts expire, thus negating congressional intent in authorizing and funding the program.

The CCRP (or CRP buffer initiative) 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.

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

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.

The Statement of the Managers for the 2008 Farm Bill explains the important new wildlife plan authority:

> *The substitute extends CRP until 2012 and provides the Secretary authority to address issues raised by State, regional and national conservation initiatives. These "State, regional and national conservation initiatives" may include such things as the North American Waterfowl Management Plan, the National Fish Habitat Action Plan, the Greater Sage- Grouse Conservation Strategy, the State Comprehensive Wildlife Conservation Strategies (also referred to as the State Wildlife Action Plans), the Northern Bobwhite Conservation Initiative, and State forest resource strategies. The Managers intend for the Secretary to consider the goals and objectives identified in relevant fish and wildlife conservation initiatives when establishing State and national program priorities, scoring criteria, focus areas, or other special initiatives. The Managers expect the Department to work with conservation partners and State and Federal agencies, to the extent practicable, to complement the goals and objectives of these additional plans through its programs.*

Partnering With Landowners to Conserve Wetlands

Obama-Biden Platform

> "**Partner with Landowners to Conserve Private Lands**: Because most rural land is privately-owned, farmers, ranchers, and private landowners are the principle stewards of rural land and water… Barack Obama and Joe Biden will put an unprecedented level of emphasis on the conservation of private lands. They will…create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

Relevant Program

Program: Wetlands Reserve Program

Agency: Natural Resources Conservation Service

Recommendations – Administrative Action

1. Move Quickly to Amend WRP Agreements to Purchase. Recently WRP agreements to purchase have included a new addendum to require the farmer selling the wetland easement to repay all easement compensation and restoration payments, with interest, if the land is sold prior to fully restoring the wetland to a land trust or other new owner who is not an eligible participant or to any Federal, State or local unit of government. Even after returning all payments, with interest, the new addendum stipulates that the easement remains in full force and effect. This change to previous WRP procedures could greatly restrict the number of farmers willing to sell easements and restore wetlands. It should be revised to facilitate participation while taking more reasonable measures to ensure restoration is accomplished in a timely manner.

2. Retain Broad Eligibility for Enrollment. NRCS should make sure the new rules implementing the 2008 Farm Bill maintain broad eligibility for the program, by giving people who have owned their land less than 7 years fair opportunity to provide adequate assurances that their land purchase was not primarily just to put the land in the WRP (and is thus eligible for a WRP easement). NRCS should also ensure that new program rules provide that in instances where the lump sum option is important to the farmer's willingness to participate, the newly enacted 5-year payment rule is waived to avoid losing high-value wetlands from the program.

3. Provide Lump Sum Payments for Large Projects through Waivers. The 2008 Farm Bill allows NRCS to provide lump sum WRP payments for projects with a value greater than $500,000 if the agency determines the sale would further the purposes of the program. The waiver authority should be used in any instance in which the agency determines it is a qualified project and the landowner requests a lump sum payment.

4. Ensure Fair Payment Levels & Funding for Restoration & Maintenance. NRCS should ensure that its new rules streamline the appraisal process and provide fair estimates of the value of the WRP easement the farmer is giving up. The new rules should accommodate multi-year agreements for larger-scale restoration cost-share agreements, where the new $50,000/year payment limit would fall far short of needed restoration. NRCS should also use new Congressional authority to provide cost-share for maintenance activities on new contracts as well as for past program participants, ensuring maintenance work that is critical to ensuring long-term health of wetlands.

5. Pursue WREP Conservation Goals. The 2008 Farm Bill includes a pilot program for WREP that retains grazing rights where they are compatible with the land, consistent with long-term wetland protection and enhancement goals and complies with a conservation plan. The pilot program should focus on areas where grazing was a natural part of the ecosystem, and using robust management plans that prevent excessive grazing and limit potential damage.

Recommendation – Budget Proposal

Submit budget requests each fiscal year sufficient to enroll at least 250,000 acres in the WRP annually for the next several fiscal years, and oppose any attempt by Congress to place restrictions on the mandatory funding provided for the WRP in the 2008 Farm Bill.

Background in Brief

The Wetlands Reserve Program provides incentives for farmers to take farmed wetland areas out of crop production, and restore and protect the wetland functions. The program uses 30-year and permanent easements to protect the wetland, and cost-share agreements to restore the wetland hydrology and plant community. Since its inception, the WRP has protected or restored 2 million acres of wetlands across America.

The 2008 Farm Bill continued the program, but made some subtle but important changes. If implemented in a reasonable manner, the changes should impose some modest restrictions on program eligibility and payment options for participants. However, if implemented in an arbitrary manner, the changes could substantially reduce the ability and willingness of rural landowners to enroll wetlands in the program.

The new 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 gives USDA flexibility to assign easement values based on area land values, rather than requiring an expensive, time-consuming appraisal for every WRP easement. USDA's new rules should ensure that this authority is used to provide fair payments that will continue to attract landowners to the program.

The new Farm Bill also authorizes a Wetlands Reserve Enhancement Program pilot program that will allow participants to retain grazing rights to a restored wetland where that is consistent with long-term wetland protection. That authority could allow more flexibility for farmers to get some economic use from the restored wetland, but it must be done under conservation plans that protect the wetland from over-use that could harm wetland values.

The Farm Bill increases the maximum enrollment acreage for the WRP to 3,041,200 acres.

Conservation Compliance

Obama-Biden Platform

"Partner with Landowners to Conserve Private Lands: Barack Obama and Joe Biden will… create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

"Protect the Rights of Sportsmen: Barack Obama and Joe Biden are fully committed to protecting the forests, fish, and game our sportsmen enjoy. They will provide full funding for a broad range of conservation programs."

"Combat Water Pollution in Rural America: Barack Obama and Joe Biden will work to improve incentives that help farmers prevent runoff pollution from soil erosion, pesticides and fertilizer."

"Invest in Rural Lands and Reduce Carbon Emissions by Promoting Carbon Sequestration: As forests are cut down, burned and converted to other uses, carbon stored in wood, leaves, and soils are released into the atmosphere, making the global climate change problem worse. Barack Obama and Joe Biden believe any domestic program to reduce carbon emissions must include domestic incentives that reward forest owners, farmers, and ranchers when they plant trees, restore grasslands, undertake farming practices that capture carbon dioxide from the atmosphere, or engage in no till practices that retain carbon currently stored in the soil. Encouraging these efforts will also provide improve water quality and restore natural areas for wildlife and recreation."

Relevant Program

Program: Erodible Land and Wetland Conservation and Reserve Program (16 USC Chapter 58)

Agencies: Farm Service Agency; Natural Resources Conservation Service

Recommendation – Administrative Action

Make proper and consistent implementation of Conservation Compliance rules and process an initial emphasis within USDA. In particular, closely track and document instances of FSA State Executive Directors and NRCS State Conservationists conducting good-faith determination reviews as authorized by the new Farm Bill. Publicizing the restoration of consistent and justified application of compliance provisions will demonstrate a commitment to problem solving that returns benefits in terms of environmental protection as well as budget savings.

Also, to effectively meet the purpose of compliance provisions, the Government Accountability Office's reform recommendations should be implemented:

- Increase oversight of field offices' compliance inspections to improve their accuracy and completeness;
- Develop a more representative sample of tracts for inspection; and

- Develop an automated system to manage the data needed for inspections.

Additionally, institute mandatory consultation between NRCS and the U.S. Fish and Wildlife Service on minimal effects determinations, the adequacy of mitigation on minimal effects determinations with mitigation decisions, the mitigation standards by which NRCS must abide, and the certifying of compliance after restoration is performed.

Finally, conduct a study of an expanded compliance provision that addresses agricultural runoff. Previous research from USDA-ERS noted: *"Most cropland with runoff and leaching potential is located on farms receiving farm program payments. Program payments on those farms may be large enough to spur farmers [if payments are withheld] to adopt measures (nutrient management or buffer practices) to address these problems."*

Background in Brief

Conservation compliance is a covenant between the taxpayer and producers who participate in the federal farm program. It is simply meant to ensure that where the public's money is invested, the public good is protected. Unfortunately, it has been clearly documented that this appropriate and logical mechanism is not being administered properly.

As described by USDA researchers, production incentives may increase environmental damage associated with agricultural production and undercut the effectiveness of conservation programs designed to mitigate that damage. The 1985 Farm Act introduced compliance provisions as one way to counteract that influence. Compliance provisions require agricultural producers to implement soil conservation systems on highly erodible cropland ("sodbuster") and refrain from draining wetlands ("swampbuster") in order to remain eligible for benefits from most Federal agricultural programs.

A GAO review of compliance has found many aspects lacking. Uneven enforcement and inadequate inspections create an uneven playing field among producers who comply with the law and those who do not. Even when appropriate inspections are conducted and a violation is found, USDA program benefits are seldom withheld.

The law provides that committees of three farmers in each county may determine whether local violators will be granted "good faith" waivers and allowed to receive USDA program payments in spite of a compliance violation. The GAO has determined that 80 percent of cited violations are waived. In an attempt to address this problem, conservation advocates succeeded in adding language to the Farm Bill (Title II, Secs. 2002 and 2003) authorizing reviews of good faith waivers by the FSA state or district director, with technical advisement from the NRCS state or area conservationist. Effective implementation of this reform will be crucial to its success.

USDA must correct its unreliable management of compliance provisions by increasing compliance inspections, ensuring validity of good faith waivers, and requiring effective mitigation measures. Appropriately employing the compliance regimen will ensure that all farmers are operating on a level playing field and that taxpayers are not subsidizing damaging farming practices.

Federal Farm Program Ineligibility for Converted Grassland

Obama-Biden Platform

> "**Partner with Landowners to Conserve Private Lands**: Barack Obama and Joe Biden will… create additional incentives for private landowners for sustainable agriculture to protect and restore wetlands, grasslands, forests and other wildlife habitat."

> "**Protect the Rights of Sportsmen**: Barack Obama and Joe Biden are fully committed to protecting the forests, fish, and game our sportsmen enjoy. They will provide full funding for a broad range of conservation programs."

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> "**Invest in Rural Lands and Reduce Carbon Emissions by Promoting Carbon Sequestration**: As forests are cut down, burned and converted to other uses, carbon stored in wood, leaves, and soils are released into the atmosphere, making the global climate change problem worse. Barack Obama and Joe Biden believe any domestic program to reduce carbon emissions must include domestic incentives that reward forest owners, farmers, and ranchers when they plant trees, restore grasslands, undertake farming practices that capture carbon dioxide from the atmosphere, or engage in no till practices that retain carbon currently stored in the soil. Encouraging these efforts will also provide improve water quality and restore natural areas for wildlife and recreation."

Relevant Program

Program: Sodsaver Provision

Agencies: Risk Management Agency; Farm Service Agency; Natural Resources Conservation Service

Recommendation – Administrative Action

Immediately amend the "added land" provision of federal crop insurance rules to require land without production crop history prior to 2009 that is subsequently planted to a crop to establish a full four to ten year actual production history prior to becoming eligible for insurance.

Recommendation – Legislative Proposal

Send to the Hill proposed legislation to adopt a comprehensive "sodsaver" provision to preserve grassland without a prior cropping history by making it ineligible for taxpayer-provided commodity payments, crop insurance subsidies, disaster payments, and conservation payments if converted to crop production.

Background in Brief

Though usually marginal for agricultural production and among the most threatened ecosystems on the planet, the nation's remaining native grasslands continue to be put to the plow. USDA should make surviving native grassland ineligible for the federal subsidies and supports that assure a financial return on even poorly-producing land converted to crops.

The nation's native grasslands are threatened by a federal farm program that bestows the full combination of taxpayer provided crop insurance, disaster payments, and price and income supports when grass is converted to crops. Landowners who maintain native grasslands receive none of these. Grassland conversion should remain the choice of individual landowners, but the federal government shouldn't provide incentives to destroy the last remnants of the American Prairie.

This country's remaining native grasslands are one of the most threatened ecosystems on the planet, and they are critical to the livelihoods of our nation's traditional ranching families. Seventy percent of our country's native prairie has long been converted to crop production, leaving the least productive land for pasture and wildlife.

Native prairie soils also store large amounts of carbon, much of which is released when prairies are converted to cropland – adding to our climate change challenge.

A Sodsaver provision promoted during the development of the 2008 Farm Bill specifies that grassland without a prior cropping history will be ineligible for taxpayer-provided crop insurance, disaster payments and non-insured crop disaster payments if converted to crop production. These remaining grasslands are very marginal lands for crop production, which is why they have not yet been converted.

The Sodsaver provision is a carefully constructed response to a clearly identified need. USDA's National Resources Inventory determined that the Nation's privately owned grassland decreased by almost 25 million acres between 1982 and 2003. And according to the GAO's September 10, 2007 report, *"Farm program payments are an important factor in producers' decisions on whether to convert grassland to cropland…. Several economic studies have reached the same conclusion."*

Both the House and Senate Farm Bills authorized a nationwide Sodsaver program that prohibited crop insurance subsidies and disaster payments on any of the nation's remaining native sod that is converted to crops. However, Sodsaver was gutted in the final bill. It now applies only to the portions of 5 states (MT, ND, SD, MN, IA) that are within the Prairie Pothole Region --and only if the Governors of those states explicitly choose to allow the program in their states.

Rather than applying to all farmland on an equal footing, the provision now provides no deterrent of any kind in 45 states. Worse, the presence of Sodsaver in one region but not others could serve as a perverse incentive to producers to rush to convert sensitive grasslands outside of the current Sodsaver region. Furthermore, the nationwide Sodsaver provision was scored as saving taxpayers $130 million. The final bill's provision was scored at $0 savings.

Develop the Next Generation of Biofuels
Support Full Funding and Implementation of
the Farm Bill's Biomass Crop Assistance Program and CSP

Obama-Biden Platform

> "**Develop the Next Generation of Biofuels**: Barack Obama and Joe Biden will work to ensure that advanced biofuels, including cellulosic ethanol, are developed and incorporated into our national supply as soon as possible. Corn ethanol is the most successful alternative fuel commercially available in the U.S. today, and we should fight the efforts of big oil and big agri-business to undermine this emerging industry. But it represents only a drop in the bucket of our energy demands and making ethanol from corn has some significant limitations. Today we produce about 5 billion gallons of corn-based ethanol per year while we use about 140 billion gallons of gasoline. Even if we are able to double – or even triple – production of ethanol from corn this will still offset only about 10 percent of our gasoline demand. There are also real concerns about bringing set aside lands into corn production as well as concerns about an increase in the use of pesticides, water use and upward pressure on the cost of food for people and livestock alike. These constraints reveal the scope and scale of our energy and environmental challenges. As we develop the next generation of biofuels we must be vigilant to insure that we do in a sustainable fashion so that land and water resources are conserved."

Relevant Program

Program: Biomass Crop Assistance Program; Conservation Stewardship Program

Agency: Farm Service Agency; Natural Resources Conservation Service

Recommendation – Administrative Action

Implement the Biomass Crop Assistance Program in 2009 through a Notice of Funding Availability, with the highest priority for projects that establish perennial crops and trees on land that was in row crops. Ensure that all participating farmers have a conservation plan with adequate measures to protect water, soil, wildlife, air quality and other resources. Ensure that the harvest and collection of crops under the program does not include the collection of crop residues without adequate measures to protect soil quality.

Implement the Conservation Stewardship Program in a manner that allows, over time, expansion of BCAP experimentation by moving the most advanced, resource-conserving biomass systems toward wider spread adoption through CSP conservation incentives.

Background in Brief

The 2008 Farm Bill includes a new provision, the Biomass Crop Assistance Program (BCAP). This program provides funding and technical assistance for farmers, with a commitment from a bioenergy facility, to establish perennial crops and trees as the feedstock for the next generation of biofuels. It also provides payments for the collection, harvest, transportation and storage of the crops.

This is the only program in the 2008 Farm Bill specifically dedicated to promoting the production of crops and trees for the next generation of biofuels, including cellulosic ethanol. The Bush Administration has issued notice that intends to require a full environmental impact statement for the program that might not be completed until the 2011 crop year begins. We recommend that the Obama Administration issue of Notice of Funding Availability for FY2009 funding for the program and limit the program to projects with the highest environmental benefits. This would focus the program on projects that involve the conversion of row crop farming systems to perennial trees and crops, ensure protection of water quality and other resources, and include mixed species and other systems that increase diversity.

We also recommend that priority be given to projects that provide farmers with more than one market or use for their crop. An example would be mixed grass pastures with a rotation system that includes both haying for biofuel feedstock and grazing for livestock production.

In addition, farmers participating in the program should have the opportunity to automatically enroll in the Environmental Quality Incentives Program or, if they quality, enroll in the Conservation Stewardship Program to access Natural Resources Conservation Service technical assistance and program funding.

The Conservation Stewardship Program (CSP) is the premier USDA green payments program to assist farmers establishing new crops and farming systems. The program takes a comprehensive view of resource concerns and conservation planning for resource protection. Over the next few years, as new crops identified as next generation biofuel feedstock are developed, USDA should initiate outreach and education efforts to enroll farmers growing these crops in the CSP. The CSP can be a critically important tool for achieving sustainable biofuel production, using conserving crop rotation systems that can incorporate a biofuel crop into a farming system that also produces food and livestock forages.

Value-Added Producer Grants Program

Obama-Biden Platform

> **"Help Develop Value-Added Products**: The Value Added Producer Grant Program provides capital for farmers to create value-added enterprises, such as cooperative marketing initiatives for high-value crops and livestock and farmer-owned processing plans. These grants are the seeds of new rural business and provide capital for farmers to create value-added enterprises and cooperatives, such as onsite or farmer owned processing plants. Barack Obama and Joe Biden will increase funding for this important program."

Relevant Program

Program: Value-Added Producer Grant (VAPG) Program

Agency: Cooperative Division of Rural Business Cooperative Service

Recommendation - Administrative Action

Scrap proposed regulations issued for public comment in October 2008 which fail almost entirely to reflect the changes to the program made in the 2008 Farm Bill.

Issue an interim final rule that fully incorporates the major 2008 Farm Bill changes, including:

- a strong priority for projects that benefit small and mid-sized farms;
- a strong priority and funding set-aside for projects that include significant participation by beginning or socially disadvantaged farmers;
- a new funding category for locally produced and marketed food products; and
- a new authority and a funding set-aside for grants to support mid-tier value chains (local and regional supply networks for high quality, differentiated products that include farmers as full participants and include pricing mechanisms to retain value on the farm and strengthen the profitability of small and medium-sized family farms and ranches).

If the Notice of Solicitation of Applications for FY 2009 has not been issued by January 20, 2009, ensure that the NOSA is published in a timely fashion and that it fully reflects the new priorities and emphases approved by Congress in the 2008 Farm Bill.

Recommendation - Budget Proposal

For the life of the economic stimulus package, provide $24 million annually for the Value-Added Producers Grants Program to bring it up to full funding.

Dramatically increase the USDA Budget Request in the FY 2010 budget proposal to $40 million, less any funding provided in the stimulus package.

Background in Brief

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. The 2008 bill also created a priority for small and medium-sized farms and beginning and socially disadvantaged farmers and ranchers, and a funding set-aside for beginning and socially disadvantaged farmers and ranchers and for mid-tier value chains.

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.

The VAPG program was provided $40 million in mandatory funding in the 2002 Farm Bill, but that level was scaled back to just $15 million in mandatory funding for the life of the 2008 Farm Bill. Therefore, the program has now transitioned to a primarily appropriated/discretionary program. The new Farm Bill authorizes an annual appropriation of $40 million a year, in addition to the $15 million in mandatory funding.

Rural Microentrepreneur Assistance Program

Obama-Biden Platform

> "**Establish a Small Business and Microenterprise Initiative**: Barack Obama and Joe Biden will support entrepreneurship and spur job growth by establishing a small business and micro-enterprise initiative for rural America. The program will provide training and technical assistance for rural small business, and provide a 20 percent tax credit on up to $50,000 of investment in small owner-operated businesses. This initiative will put the full support of the nation's economic policies behind rural entrepreneurship."

Relevant Program

Program: Rural Microentrepreneur Assistance Program (RMAP)

Agency: Rural Business-Cooperative Service

Recommendation - Administrative Action

Issue program guidance, rules and a notice of funding availability in an expeditious manner to ensure that the $4 million in mandatory funding provided for the RMAP in FY 2009 can be obligated in calendar year 2009.

To date, USDA has yet to issue program guidance, rules or regulations for RMAP. In addition to general program guidance and operation, the regulations should define:

- "significant outward migration" (an emphasis in RMAP);
- how RMAP funds can be used to build a network of rural microenterprise development organizations and build the capacity of rural microenterprise development organizations; and
- how the three components of RMAP (loan funds, technical assistance grants for borrowers, and grants for technical assistance for entrepreneurs for such things as business planning and market development) will be funded.

Recommendation – Budget Proposal

For the life of the economic stimulus package, provide an additional $21 million annually for the Rural Microentrepreneur Assistance Program, bringing the total to $25 million.

Include at least $25 million for the program, less whatever funding may be provided for in the economic stimulus bill, in the USDA Budget Requests for fiscal year 2010 and beyond. The 2008 Farm Bill provides $4 million a year in mandatory funding for RMAP plus an authorization for appropriations for an additional $40 million a year.

Background in Brief

The RMAP was authorized in Section 6022 of the 2008 Farm Bill (PL 110-246) to provide financial and technical assistance to rural businesses that are unable to secure the capital they need from conventional lenders. Reasons for this include lack of credit history, poor credit history, lack of sufficient collateral, or the limited experience of the business owner. The RMAP was created to fill a financing gap in the market that current USDA programs do not address. The RMAP will enable USDA to reach a group of rural businesses with capital needs that are well below the average size of other rural development programs. In addition, unlike existing USDA loan programs, the RMAP makes both financial as well as technical assistance available to eligible rural business owners.

The RMAP is modeled, in large part, on the successful SBA microloan program. Like the SBA program, the RMAP is designed to provide loans and technical assistance to microentrepreneurs through a network of non-profit microenterprise development organizations (MDO). The RMAP, like the SBA Microloan Program, targets businesses that cannot otherwise secure the financing or technical support they need from conventional lenders.

The RMAP is also designed to help build the capacity of rural MDOs to ensure that entrepreneurs operating businesses or looking to start businesses in rural areas have access to financial and technical assistance. The statute authorizing the RMAP, Section 6022(b)4(A), recognized the need to support the development of MDOs in rural communities where they do not exist and to ensure that all viable rural entrepreneurs have access to the financial and technical assistance offered by MDOs

RMAP was the only new rural development program that received mandatory funding in the 2008 Farm Bill. There is a great deal of excitement and anticipation among rural microenterprise development organizations about the program and how it will be implemented by USDA. It is anticipated there will be great demand for this program, particularly with a deepening recession and the economic and social challenges facing much of rural America.

With nearly one quarter of rural jobs attributable to microenterprises, small business development provides a major economic stimulus opportunity for struggling rural communities. RMAP has the potential to create jobs, attract young people, build assets, create local markets and alleviate poverty in rural America. RMAP helps address the shortage of capital in rural America and creates additional opportunities for entrepreneurship to plug the economic holes left by agriculture and manufacturing in many rural communities.

Rural Summit

Obama-Biden Platform

On October 16, 2007 in Fairfax, IA Barack Obama released his Real Leadership Agenda for Rural America and promised to hold a bipartisan rural summit in Iowa and present a rural proposal to Congress within 100 days of taking office.

Basic Recommendation

President Obama personally convene a rural forum in Iowa within 50 days of taking office to provide input to his Administration in meeting its goal of presenting a rural proposal to Congress within 100 days.

Outside Advisory Committee

Convene a group of outside advisors of rural leaders and nongovernmental organizations to assist in planning the event.

Participants in the Event

Bipartisan rural leaders from across America, including representatives of nongovernmental organization, small business, government, and minority communities, with an emphasis on people who can help win adoption of the priorities that emerge from the summit.

Agenda Items

Speech by President Obama presenting his thoughts on rural America and his priorities from *Real Leadership Agenda for Rural America*, to frame the discussion

Short presentation by the Secretary of Agriculture or Domestic Policy Adviser presenting the process and timeline for advancing legislative proposals to congress and promulgating rulemaking on administrative proposals

Panel of experts discussing rural development discuss strategies that work

Panel of rural advocates and leaders discussing their priorities among the proposals in *Real Leadership for Rural America* and providing recommendations on how the Obama Administration should advance them

Small group breakouts charged with identifying priority proposals and actions. Groups would be divided by topic areas, possibly including family farming and sustainable agriculture, energy, small entrepreneurship, rural manufacturing, health, education and community services.

Rural Development State Directors

Obama-Biden Platform

> "**Establish a Small Business and Microenterprise Initiative**: Barack Obama and Joe Biden will support entrepreneurship and spur job growth by establishing a small business and micro-enterprise initiative for rural America.

Recommendation – Administrative Action

Issue an Executive Order that requires new primary qualifications for State Directors of USDA/Rural Development, including experience organizing farmer groups for rural development, especially for collaborative processing and marketing ventures, including locally-owned and value-added enterprises. The Executive Order should also require that:

- all new Rural Development staff be trained in facilitation and organizing;
- the training and evaluation of new Rural Development staff is an integrated process that involves outside stakeholders from non-governmental organizations with experience in organizing and facilitation; and
- Rural Development staff should be evaluated on how well they facilitate grants and work within the community.

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Background

The culture of the USDA-RD is a remnant of the old Farmers Home Administration, where the majority of staff were involved with loans and loan processing. Therefore, RD typically hires loan officers or people who come from that background. These people are trained in different skill sets than community developers or community organizers. In order to accomplish sustainable community development, one needs to work directly with people in a community, not just on a grant application, but also on other needs such as leadership development.

Many USDA program grant awards (such as VAPG and REAP grants) are going to people in those states that can organize sufficiently to apply for these grants. Some states have not even achieved moderate levels of success in helping their citizens access these grant funds. These states are being under-served by USDA. One reason is that USDA Rural Development staff lack the training and motivation to facilitate rural community organizing. As this situation has stagnated over the years, the consequence is that the states that need such rural development the most are least likely to achieve it.

Residents of underserved states never see USDA-RD host any type of community training event specifically for their programs. Instead, NGOs have been the voice crying in the wilderness in organizing and educating rural residents to access USDA-RD programs -- especially REAP and VAPG. Some underserved states would not even be participants in the program without NGO organizing of rural groups. The lack of success of underserved states stands in stark contrast to similarly rural states. Bottom line: there is a dire need for RD staff with skills in rural organizing to ensure that all rural states reap the benefits of rural organizing now enjoyed only by a few fortunate states.

Creating the Next Generation of Sustainable Agriculture
SARE Matching Grants and Long-Term Systems Projects

Obama-Biden Platform

> **"Expand Research at Land Grant and 1890 Schools**: The research and education provided by the nation's land grant and 1890 colleges played a pivotal role in establishing America's competitive advantage in agriculture. Today, these schools need more funding to respond to new challenges. Barack Obama and Joe Biden will increase research and educational funding for projects such as enhancing the profitability and competitiveness of small and mid-size farms, entrepreneurial education for adults and youth learners, and research on alternative energy production systems and how to produce conservation commodities efficiently."

Relevant Program

Program: Sustainable Agriculture Research and Education (SARE)

Agency: Cooperative State Research, Education, and Extension Service

Recommendation – Administrative Action

Advance research, education, extension, and practice to support small and mid-size family farms, rural and food system entrepreneurship, new climate friendly food and farming systems, alternative energy, and conservation commodities/ecosystem services through a major new commitment to the SARE competitive grants program, including the authorized but as yet unused matching grant subprogram.

Move swiftly to hire a new National Program Leader for Sustainable Agriculture and national director for the SARE program.

Recommendation – Budget Proposal

Plan and implement a four-year budget initiative to grow the SARE program to full funding ($60 million) by year four. This budget plan will accommodate implementation of the long-stalled matching grant program to leverage state and private money and build the long-term capacity to guide the coming evolution of American agriculture to a highly productive sustainable system. The budget proposal will also allow for critical investments in long-term systems research. The budget proposals should stair step up each year and, by FY 2013, the budget request should include at least $35 million for research grants, including at least $10 million for long-term systems projects, at least $15 million for the as yet unused state matching grants, and at least $10 million for professional development and training grants, including state coordinators.

Background in Brief

The SARE program was codified as part of the 1990 Farm Bill and authorized for $40 million a year in research and education grants and $20 million for extension and training grants. After 20 years of stellar work, however, funding rests at $19 million a year total, or less than a third of the original goal. Demand for grants is huge, leading to a low success rate for project submitters relative to other competitive grants programs. This competitive grants program is perfectly positioned to expand work on the key research priorities flagged in the Obama Platform. Now, on the 20th anniversary of the groundbreaking National Academy of Sciences *Alternative Agriculture* report that led Congress to authorize SARE at $60 million a year, is the perfect time to fulfill the program's mandate and vision.

The US Government Accountability Office, independent evaluators, farmer surveys, and stakeholder reviews all indicate the award-winning nature of the SARE program. Widespread adoption of farming systems using crop rotation, cover crops and managed rotational grazing also speak volumes about the real world outcomes of SARE investments in terms of renewed livelihoods, increased farming opportunities, and environmental improvements.

The matching grant program was created in the 1990 Farm Bill, but with the stipulation that it could not be funded until the appropriation for the basic research and education portion of SARE reached at least $15 million. Sadly, to date, the appropriation for research and education grants still rests just shy of $15 million.

The matching grant program includes a coordinated set of activities to integrate sustainable agriculture in all State REE projects, develop specialized, innovative sustainable agriculture programs that address high-priority problems and opportunities, incorporate sustainable agriculture studies in degree programs, and build stronger farmer-to-farmer networks and outreach strategies. It specifically would <u>not</u> support bricks and mortar or positions and activities already in place and paid for at the state level.

There is a growing consensus that individual sustainable agriculture REE grants will have greater and longer-lasting impacts if they are part of a larger, sustained effort coordinated and leveraged by investments made at the state and university level. By funding the matching grant program as envisioned by Congress but never to date proposed for funding by the Administration, competitive grants would be awarded to state sustainable agriculture centers, programs, and institutes to build long-term capacity, embed sustainable agriculture in university and statewide research, education, and extension, and leverage greater on-farm change. The matching grants would also assist states with weaker records in obtaining federal grants in improving their competitiveness, which in turn will help underserved communities.

Due to the lack of any major additional new resources (and declining budgets in real terms), SARE has not been able to both keep all of its much in demand programs whole while investing in longer-term systems research. Yet, a bigger commitment to longer-term systems integrated research could yield big returns for inventing the new farming systems needed to mitigate and adapt to climate change, move away from oil-dependent farming, and deal with critical soil and water issues while continuing to improve productivity.

With an increase or redirection of research dollars to build the SARE program toward its long-standing authorization level, the matching grant program can become a reality and long-term systems work can be added, even while the program continues to deliver on its regular grants programs for research and education, extension training, farmer grants, and community and food systems projects.

Agriculture and Food Research Initiative

Obama-Biden Platform

> **"Expand Research at Land Grant and 1890 Schools**: The research and education provided by the nation's land grant and 1890 colleges played a pivotal role in establishing America's competitive advantage in agriculture. Today, these schools need more funding to respond to new challenges. Barack Obama and Joe Biden will increase research and educational funding for projects such as enhancing the profitability and competitiveness of small and mid-size farms, entrepreneurial education for adults and youth learners, and research on alternative energy production systems and how to produce conservation commodities efficiently."

Relevant Program

Program: Agriculture and Food Research Initiative (AFRI)

Agency: Cooperative State Research, Education, and Extension Service

Recommendation – Administrative Action

Expand the existing Agricultural Prosperity for Small and Medium-Sized Farms and the Managed Ecosystems national program areas within AFRI. These programs should be expanded and enhanced to fund more projects related to "enhancing the profitability and competitiveness of small and mid-size farms" and "producing conservation commodities efficiently."

Consistent with the 2008 Farm Bill, establish new national program areas for conventional plant breeding, conventional animal breeding, rural entrepreneurship, and antibiotic resistance, and ensure that there is a major focus on renewable energy and on domestic marketing, including local and regional food systems, in the Requests for Applications.

Apply the new option for 10-year term limits to grants for classical plant and animal breeding and to long term ecological and agro-environmental systems work.

Track grants from conventional breeding activities separately from genomic or molecular genetics activities so that funding trends can be more easily monitored and analyzed.

Background in Brief

As the main competitive grants program for fundamental and applied research, extension, and education addressing the food and agricultural sciences, AFRI can play a key role in meeting the goals of the Obama-Biden platform. Created in the 2008 Farm Bill by melding together the National Research Initiative (NRI) and the Initiative for Future Agriculture and Food Systems (IFAFS), AFRI retains many of the previous NRI and IFAFS programmatic priorities and includes a number of new priorities. Enhancing and expanding particular existing programmatic areas and ensuring that the new priorities receive the attention they deserve is critical to ensuring American agriculture can meet the challenges it is facing.

Expansion of the **national small and medium-sized farm program** should continue to focus on integration of economic and environmental sustainable agricultural development, value-added and entrepreneurial agriculture, and land tenure and land use change. Further development and expansion of an emphasis on new markets, new value chains, and renewal of food-based enterprises serving small and medium-sized farms and sustainable agricultural development is also needed. The addition of a policy research component to the program would help fashion future food and farm policy to support small and medium-sized farms. At the same time as expanding this national program, the Administration should also facilitate the integration of the small and medium-sized farm priority area within all other relevant national program areas and granting categories.

Expansion of the **managed ecosystems national program** area would allow the current emphasis on developing and using multifunctional agricultural production management strategies to continue. In addition, a new emphasis on development and use of sustainable low carbon-based energy, high efficiency agro-energy systems could be added. Managed Ecosystems could also fund projects to develop and verify adaptive conservation and environmental management models, including tools for measurement, valuation, monitoring and evaluation, to assist in the development of outcome or performance-base conservation and environmental programs and markets. This is an area where state and federal programs and private markets, worth billions and billions of dollars, are getting considerably ahead of the science, and a major investment is needed just to play catch-up.

Developing and expanding new **classical plant and animal breeding national programs** is critical. In recent decades, public resources for classical plant and animal breeding have dwindled, while resources have shifted toward genomics and biotechnology, with a focus on a limited set of major crops and breeds. This shift has significantly curtailed the public access to plant and animal germplasm, and limited the diversity of seed variety and animal breed development. This problem is particularly acute for organic and sustainable farmers, who seek access to germplasm well suited to their unique cropping systems and their local environment.

The new **rural entrepreneurship priority** will not likely be a priority unless it is a national program. 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 program 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."

The Center for Disease control has cited **antibiotic resistance** as the number one health crisis in the United States. Overuse of these drugs directly contributes to the development of resistant bacteria and an estimated 70% of all antibiotics used in the United States are used in livestock operations, most of which is given to healthy animals. The 2008 Farm Bill managers' statement encourages the Secretary to "fund research that minimizes the development and spread of antibiotic resistant bacteria." A national program within AFRI should be created to address this issue.

The new Farm Bill also adds **"renewable energy"** and **"domestic marketing"** priorities to AFRI. These priorities can be emphasized by including them, including local and regional food systems, in the RFAs for ongoing national programs in the Natural Resources and Environment area and the Agriculture Economics and Rural Communities area, respectively.

Priorities for Antibiotics and Antibiotic Resistance Research

Obama-Biden Platform

"**Maintain our Export Competitiveness**: Barack Obama and Joe Biden will work to break down trade and investment barriers to maintain the American farmer's competitiveness around the world. They will devote more resources to research and technology development so that American farmers can maintain their technological edge in production and distribution of their goods. And they will work to ensure that all trade agreements contain strong and enforceable labor, environmental, and health and safety standards so American farmers are able to compete on a level playing field."

(***More consumers are demanding meat raised without antibiotics and international trading partners are already taking steps to produce meat raised without antibiotics***)

"**Improve Food Safety**: The USDA and Food and Drug Administration (FDA) need more authority to issue and enforce recalls for contaminated food. Barack Obama and Joe Biden support efforts to improve federal food safety surveillance to better improve our ability to identify, contain, and prevent outbreaks. They are committed to expanding resources to inform the public when an outbreak happens so that they can make good decisions about food safety."

(***Antibiotic resistance is a significant food safety threat***)

"**Provide Universal Health Care and Lower Health Costs**: A basic problem facing rural America is access to affordable quality health care. Barack Obama and Joe Biden are committed to signing universal health legislation by the end of Obama's first term in office that ensures all Americans have high-quality, affordable health care coverage. Their plan will save a typical American family up to $2,500 every year on their health care costs."

(***Antibiotic resistant diseases are a huge additional cost to the health-care system***)

"**Protect the Financial Security & Health of Seniors**: Rural communities are significantly older than their urban counterparts. Across America, 20 percent of rural Americans are older than 59 compared to 15 percent in cities."

(***Seniors, children, and immune compromised are among those most vulnerable to antibiotic resistant diseases***)

Relevant Programs

Programs: Antibiotic Resistant Bacteria Research and Education Grants; Agriculture and Food Research Initiative

Agency: Cooperative State Research, Education, and Extension Service; Agricultural Research Service; Animal Plant Health Inspection Service

Recommendation – Administrative Action

Include the study of antibiotics in livestock as a National Program Area within the Agriculture and Food Research Initiative at CSREES.

Gather data on the link between community-acquired antibiotic resistant disease and overuse of antibiotics in animal agriculture and conduct research aimed at minimizing the problem.

Partner APHIS and ARS to conduct surveillance of antibiotic resistant diseases including the animal associated Strain398 of MRSA (*Methicillin-resistant Staphylococcus aureus*) in poultry, swine and cattle operations.

Recommendation – Budget Proposal

Request first time funding for the CSREES Research and Education Grants for the Study of Antibiotic Resistant Bacteria program as part of the FY 2010 Budget Request.

Background in Brief

Antibiotic resistance is considered by the Center for Disease Control to be the number one public heath threat in the US. Resistant bacteria lead to more illnesses and greater severity of illnesses. As people with resistant infections stay in the hospital longer and require treatment with more expensive, invasive antibiotics, resistance contributes to ballooning healthcare costs.

Seventy percent of all antibiotics used in the United States are estimated to be used as feed additives for chickens, hogs, and beef cattle. Scientific evidence points to this massive agricultural use of antibiotics as a significant contributor to antibiotic resistance in the general human population. Antibiotics are typically added to feed (without a prescription) to help animals grow slightly faster – and to compensate for crowded, often unsanitary conditions on industrial-scale farms.

The recent farm bill created a new research initiative within the USDA Cooperative State Research Education and Extension Service (CSREES) called Research and Extension Grants for the Study of Antibiotic Resistant Bacteria. Among other things, this program would fund projects that study the judicious use of antibiotics, including animal husbandry practices, safe and effective alternatives to antibiotics, and movement of antibiotics and resistant bacteria into ground and surface water- a significant environmental problem. No mandatory funding was provided for this important research initiative.

ATTRA – National Sustainable Agriculture Information Service

Obama-Biden Platform

> "Barack Obama and Joe Biden will increase research and educational funding for projects such as enhancing the profitability and competitiveness of small and mid-size farms, entrepreneurial education for adults and youth learners, and research on alternative energy production systems and how to produce conservation commodities efficiently."

Relevant Program

Program: ATTRA - National Sustainable Agriculture Information Service

Agency: Rural Business-Cooperative Service

Policy Recommendation – Budget Proposal

Include $3 million for ATTRA in USDA's FY 09 and FY 10 budget requests.

Background in Brief

First authorized in the 1985 Farm Bill, ATTRA is a national information service answering practical questions from farmers and others who call its 1-800 telephone number about matters ranging from sustainable agriculture agronomic methods to small business start-up strategies. The toll-free lines are staffed 12 hours per day in both English and Spanish to respond to questions from farmers and agricultural professionals about any aspect of sustainable and organic production and more than 250 downloadable publications.

ATTRA is managed by the National Center for Appropriate Technology (NCAT) and is funded through the Rural Business-Cooperative Service.

Serving as a critical bridge between the research produced by the land grants and other institutions and the farmers and ranchers who ultimately use research findings to support and enhance their production systems, ATTRA is a service that many farmers, ranchers, Extension agents, educators, and others involved in sustainable agriculture in the United States have come to rely upon. Requests for ATTRA publications and other sustainable agriculture information grow from 2,900 requests in 1987 to more than 35,000 in 2006. With burgeoning interest in sustainable and organic agriculture among farmers and increasing interest in on-farm renewable energy alternatives, demand for ATTRA's information and technical assistance services has never been stronger.

ATTRA was funded at $2.5 million for six years in a row until FY 2007. Mischaracterized as an "earmark" program in FY 2007, ATTRA's funding was slashed by 63%. Funding was restored and slightly increased to $2.6 million in FY 2008, but close to level funding or slightly higher is being proposed for FY 09. Ensuring that ATTRA reaches at least a $3 million funding level for FY 09 and FY 10 will allow ATTRA to continue to provide its high quality services in the face of increasing demand.

Growing Healthy Kids and Vibrant Rural Economies Through Farm to School Programs

Obama-Biden Platform

> "**Bring Farms to Schools**: Barack Obama and Joe Biden will support providing locally grown, healthy food to students as part of the school meals program. This will both reduce childhood obesity and grow vibrant rural economies, supporting community-based food systems and strengthening family farms. They will support funding for farm-to-school projects for food, labor, equipment, and staff training. They also will allow schools to give priority to local sources when ordering food. Currently the USDA prohibits schools from requesting local products during the bidding process. Finally, they will expand commodity support to include the school breakfast program as well as the school lunch program."

Relevant Programs

Programs: National School Lunch Program, School Breakfast Program, Summer Food Service Program, Fresh Fruit & Vegetable Program, Child & Adult Care Food Program, and Department of Defense Fresh Fruit and Vegetable Program.

Agency: Food and Nutrition Service

Recommendation – Administrative Action

Allow and encourage schools to give priority to local sources when procuring food by fully implementing section 4302 of the 2008 Farm Bill.

In implementing the provision, heed the guidance of the 2008 Farm Bill Managers as it relates to "unprocessed" agricultural products. In their Joint Statement of the Managers, the Managers explain that they "*do not intend that the Food and Nutrition Service interpret the term 'unprocessed' literally, but rather intend that it be logically implemented*." The Managers further state they "*do not intend to preclude de minimis handling and preparation such as may be necessary to present an agricultural product to a school food authority in a useable form, such as washing vegetables, bagging greens, butchering livestock and poultry, pasteurizing milk, and putting eggs in a carton*."

Recommendation – Legislative Proposal

Support reauthorization of the Farm to School program (Section 122 of the Child Nutrition & WIC Reauthorization Act of 2004) and support $50 million in mandatory funding for it during the 2009 reauthorization effort.

Background in Brief

As a result of legislative reform in the 2008 Farm Bill, schools are now allowed to request local products in the bidding process. Section 4302 requires the Secretary to allow institutions to use a geographic preference in the procurement of unprocessed agricultural products. The provision also requires the Secretary to advise institutions of this policy, make information available about the policy on the USDA website, and encourage institutions to source locally. The Obama-Biden

Administration can ensure swift and proper implementation of this provision.

The Secretary of Agriculture was first required to encourage schools to purchase local foods in the 2002 Farm Bill. As part of Section 4303 of the 2002 Farm Bill the Secretary was also required, subject to appropriations, to provide start-up grants for up to 200 institutions wishing to purchase local foods in order to defray the initial cost of equipment, materials, storage facilities, and similar costs. Unfortunately, appropriations were never allocated for this purpose and grants were never made. Despite the challenges, some schools worked to source locally, but also encountered a problematic prohibition on specifying a preference for local foods in the bidding process. Section 4302 of the 2008 Farm Bill removes this prohibition and takes the place of the 2002 Farm Bill language.

The USDA Food & Nutrition Service has been supportive of farm to school efforts, recognizing the positive role they can play not only in school meal programs, but also in the overall education a child experiences at school. USDA's publication, "Eat Smart – Farm Fresh," encourages child nutrition directors to incorporate a farm to school approach when attempting to increase fruit and vegetable consumption. Yet financial and technical assistance for implementing Farm to School is still non-existent.

Section 122 of the Child Nutrition & WIC Reauthorization Act of 2004 authorized a grant program for schools and non-profit entities to receive funds of up to $100,000 to cover start-up costs for a farm to cafeteria project. These competitive, one-time grants would allow schools to purchase adequate equipment to store and prepare fresh foods, develop vendor relationships with nearby farmers, plan seasonal menus and promotional materials, start a school garden, and develop hands-on nutrition education demonstrating the importance of nutrition and agriculture. Unfortunately, this program has yet to get off the ground due to its unsuccessful competition in the annual appropriations process.

With the tremendous benefits and interest in farm to school programs, the time is ripe to get this program off the ground. The Obama-Biden Administration can fulfill its promise of funding support for farm to school programs by proposing and securing an initial investment of $50 million in mandatory funding for the program during the Reauthorization of the Child Nutrition Act. Mandatory funding will allow schools across the country to create sustainable farm to cafeteria projects for the long-term. At a time of increased food costs and tight school budgets, it is critical to provide funds for Farm to School efforts and fully invest in our nation's children.

Every four or five years, the federal Child Nutrition bills, including the Child Nutrition Act of 1966 and the Richard B. Russell National School Lunch Act of 1946, are up for reauthorization. The last reauthorization took place in 2004 and included the addition of a National Farm to School Program but with no funding. Both bills are set to expire again on September 30, 2009. As a result, there will be an opportunity to evaluate and amend the provisions of the bills in the coming year.

National Appeals Division Regulations

Policy

National Appeals Division Regulations

Legislative Authority

7 U.S.C. Sections 6991-7002; 7 C.F.R. part 11, especially section 11.12.

2008 Farm Bill - Section 14009.

Recommendation – Administrative Action

1. Amend the regulations to require appeal decisions to be implemented based on the information before the appeals officer. The 2008 Farm Bill took a small step toward identifying the scope of the implementation problem. Section 14009 directs the head of each agency subject to NAD appeals to submit biannual reports to the House and Senate describing all cases returned to the agency pursuant to a final NAD determination and to report on the implementation of the decision, or to explain the failure to implement. The report is also to be posted on the USDA website.

2. Issue a directive to FSA and other agencies subject to NAD appeals reminding the leadership of the agencies, both in Washington, DC and in each of the state offices, of their duty to fully and promptly implement final NAD determinations within 30 days. The new Secretary must take a strong, visible stance in support of administrative review and must make it clear to agency heads that thwarting or ignoring the NAD process will not be tolerated.

3. Establish penalties on agency employees, including agency heads, for willful failure to implement NAD decisions.

4. Establish strict policies prohibiting USDA employees from retaliating against farmers because they exercise their right to appeal agency decisions.

5. Carefully review the reports regarding implementation of NAD decisions, including the reasons for failure to implement final determinations, and take proactive steps to investigate and act on implementation problems.

Background in Brief

Many farmers have experienced FSA's and other agencies' failure to timely and effectively implement a final decision of the National Appeals Division. Such failure on the part of the agencies can cause serious financial hardship for farmer participants and may even threaten the survival of their farming operations. The NAD statute requires that agency heads implement a NAD decision within 30 days. Specifically, the statute defines "implement" to mean "those actions necessary to effectuate fully and promptly a final [NAD] determination ... not later than 30 calendar days after the effective date of the final determination."

In appeals related to FSA loan programs, the agency routinely refuses to implement final NAD decisions favorable to farmers using the information that was before the agency when it made its original decision. Instead, FSA often insists that the applicant submit new information on which FSA will make a new evaluation of eligibility for the requested program. Current USDA lending regulations prohibit county loan officers from approving loans based on application information that is more than 90 days old, and do not require the implementation of appeal decisions within 30 days. The appeals process itself regularly takes 120 days. The regulations also allow the loan officer the discretion to determine the point in the season when a loan is too late to be successfully used.

These regulations force a farmer who has *won* a loan-related appeal to restart the application process before the same loan officer whose loan decision was overturned. In almost every case involving operating loans, this means that even farmers whose appeals are successful will not enjoy the benefit of their win during the crop year for which they sought a loan. This revolving door unfairly penalizes applicants who are denied services through mistakes, and allows for discrimination within the regulations by allowing a loan officer to continue the application and appeals process until they deem it too late in the season for the farmer to plant successfully. In some cases, it has delayed for many years implementation of a farmer's "success" in the appeals process.

The NAD statute already requires <u>full</u> and prompt effectuation of a NAD determination by the end of the 30-day implementation period. In addition, two statutory provisions relating to the effective date of NAD decisions state that they shall be effective "as of the date of filing of an application, the date of the transaction or event in question, or the date of the original adverse decision, whichever is applicable." [7 U.S.C. ßß 6997, 6998] These two statutory provisions make it clear that Congress intends that the final NAD determination relate back to the date of the original agency decision or action, thus establishing that implementation of the NAD determination must relate to matters before the agency at the time of the agency's original decision or action.

Clear, Fair and Transparent FSIS and AMS Meat Label Standards

Relevant Programs

Programs: Process Verified Program (AMS); Pre-Market Label Approcal (FSIS)

Agencies: Agricultural Marketing Service; Food Safety Inspection Service

Recommendation – Administrative Action

1. Do Not Issue the Naturally-Raised Label Claim Standard. The Bush Administration issues a proposed Natural-Raised Label Claim Standard (Docket No. AMS–LS–07–0131; LS–07–16) under the AMS process verified program that was universally opposed by consumer and sustainable and organic farming groups. If it goes final before January 20 it should be quickly revoked. The label claim would cause consumer confusion between an AMS naturally-raised label and a FSIS natural label. The claim would also violate the principle that labels should be clear and distinct and easily understood.

2. Clarify the Naturally-Processed Label Terminology. FSIS is in the process of updating its "natural" meat label classification. To eliminate confusion about what the label actually means, it should be amended to the more precise and accurate term "naturally-processed."

3. Stop Case-by-Case Determinations. Labeling for animal raising claims cannot ultimately be fair and transparent for producers and consumers if they are determined on a case-by-case basis with a multitude of resulting definitions and meanings. This is true whether the label is based on a company or producer affidavit or whether it is based on third party certification. Raising claims need consistent meaning, not scores of different definitions and meanings for the same term or very similar terms.

4. Stop Grandfathering Labels that are Below Standards. By necessity, a clear, fair, transparent system is going to evolve over time. As labeling claim standards for animal raising claims are determined, a key issue will be what to do with pre-existing FSIS approved labels. We believe that fairness for all producers dictates that once a USDA standard has been set, all pre-existing labels should either come under the new standard or cease using the label. Otherwise, even if the agency were to prospectively move away from case-by-case determinations, there will continue to be multiple different definitions and meanings of the same claim, resulting in an unfair competitive disadvantage for sustainable livestock systems and continued confusion for consumers.

5. Issue Final Animal Raising Label Claim Standards for Free Range/Pasture-Based, No Antibiotics Used, and No Added Hormones. Over the past few years, AMS appeared to be making considerable progress on process verified label claim standards for no antibiotics, no added hormones, and free range/pasture raised. Unfortunately, despite the progress, the outgoing Administration failed to issue final rules, with the sole exception of the grass-fed label. We heartily endorse a return to those other raising claim standards, with a commitment to finalizing them in 2009, and to apply them to both the process verified program and to FSIS label approval.

6. Institute an Automatic Review Process. To achieve of workable label approval system with fair, transparent, and uniform standards through a verification or certification process, there needs to be an automatic review process whereby requests from producers, companies and certifiers for raising claim labels that do not yet have accepted standards in place trigger an evaluation of whether or not a new raising claim standard should be developed and issued.

If the review process determines a new animal raising label claim standard should be developed, AMS should develop the standard and issue it for public comment. In cases where there is no current AMS standard and, after an automatic review and evaluation, there are still no plans to develop one, FSIS needs to develop a clear process for evaluating the truthfulness of the animal raising label claim in question. In such cases, FSIS should establish defined standard for such a label claims, and not evaluate claims on a case-by-case basis.

Background in Brief

In recent years the marketplace has seen growing consumer demand for agricultural products grown or raised using sustainable production practices. In an attempt to capture these growing niche markets, farmers, ranchers, processors, and marketers have turned to labels as a way to differentiate their products. By establishing minimum standards, USDA can transform the marketplace and have a significant impact on small and moderate-sized farms and ranches whose livelihoods are based on such claims. The content of USDA's claims will either support or compromise the integrity of labels and consequently boost or extinguish the promise these labels' value-added markets hold for key segments of agriculture.

The AMS-proposed "Naturally-Raised" label claim violates the principle that labels should be clear and distinct. This principle was highlighted by AMS in issuing the grass-fed standard. In writing that standard, the agency stated its strong preference for keeping terminology separate and distinct and for issuing modular rather than bundled claims. Yet, if it issues a final standard for naturally-raised, AMS will violate that principle and will be complicit in establishing a vague and misleading label that does not "mean what it says" in plain English and is not in accord with consumer expectations or the expectations of our producers.

FSIS should continue to approve label claims that are based on raising claims. However, these should be based on a verification or certification process only and should be based on clear, strong, uniform standards. Animal raising claims are either too complex or too driven by ongoing, on-farm management decisions to be handled through the traditional FSIS pre-market approval process. A third party verification or certification system is needed to instill consumer confidence and to ensure that producers who are meeting or exceeding management based raising claims are not being undercut in the marketplace by those who are not.

Whether an animal raising label claim is developed by a producer, a company or a certifier, it should be subject to third party certification or to a process verified program. It is of paramount importance, however, that there be a single set of performance criteria and a single process, not one for each agency. The claims being certified through third party certification should be based on a public standard. We do not endorse a mere shift from a case-by-case approval of a label to a case-by-case approval of a certifier.