NATIONAL SUSTAINABLE AGRICULTURE COALITION

AN AGENDA FOR THE 2018 FARM BILL

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For further information, please contact:

National Sustainable Agriculture Coalition
110 Maryland Avenue NE, Suite 209
Washington, DC 20002
202-547-5754
http://sustainableagriculture.net/

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ABOUT NSAC

The National Sustainable Agriculture Coalition (NSAC) is an alliance of grassroots organizations that advocates for federal policy reform to advance the sustainability of agriculture, food systems, natural resources, and rural communities. NSAC engages legislators and administrative agencies in Washington, DC and works to build the capacity of NSAC member organizations to carry out effective grassroots organizing and outreach work in their state or region. Together, we work to reform and construct policies and programs that:

- Create income opportunity and fairness for small and mid-sized family farms;
- Reward agricultural practices that conserve our soil, water, wildlife habitat, and energy resources;
- Facilitate the entry of beginning farmers into the profession of farming;
- Encourage new and existing farmers to transition to sustainable and organic production practices;
- Invest in cutting-edge research and extension for sustainable and organic agriculture;
- Expand small and mid-sized farm operator access to new local and regional food markets;
- Increase consumer access to sustainably produced foods;
- Promote public health in the context of federal farm policy.

NSAC members are farm, food, conservation, and rural organizations that work with and support family farmers. This platform has been developed with extensive collaboration among our grassroots members and input from the farmers and ranchers they serve.

NATIONAL SUSTAINABLE AGRICULTURE COALITION REPRESENTED MEMBERS INCLUDE:

Agriculture and Land-Based Training Association - Salinas, CA
Alternative Energy Resources Organization - Helena, MT
California FarmLink - Sebastopol, CA
C.A.S.A. del Llano - Hereford, TX
Catholic Rural Life - St. Paul, MN
CCOF (California Certified Organic Farmers) - Santa Cruz, CA
Center for Rural Affairs - Lyons, NE
Clagett Farm/Chesapeake Bay Foundation - Upper Marlboro, MD
Community Alliance with Family Farmers - Davis, CA
Dakota Rural Action - Brookings, SD
Delta Land and Community, Inc. - Almyra, AR
Ecological Farming Association - Soquel, CA
Farmer-Veteran Coalition - Davis, CA
Florida Organic Growers - Gainesville, FL
FoodCorps - Portland, OR
Grassworks - New Holstein, WI
Hmong National Development, Inc. - St. Paul, MN; Washington, DC
Illinois Stewardship Alliance - Springfield, IL
Institute for Agriculture and Trade Policy - Minneapolis, MN
Interfaith Sustainable Food Collaborative - Sebastopol, CA
Iowa Natural Heritage Foundation - Des Moines, IA
Izaak Walton League - Gaithersburg, MD
Kansas Rural Center - Topeka, KS
Kerr Center for Sustainable Agriculture - Poteau, OK
Land Stewardship Project - Minneapolis, MN
MAFO - St. Cloud, MN
Michael Fields Agricultural Institute - East Troy, WI
Michigan Integrated Food and Farming Systems - East Lansing, MI
Michigan Organic Food and Farm Alliance - Lansing, MI
Midwest Organic & Sustainable Education Service - Spring Valley, WI
Montana Organic Association - Eureka, MT
National Center for Appropriate Technology - Butte, MT
National Hmong American Farmers - Fresno, CA
Nebraska Sustainable Agriculture Society - Ceresco, NE
Northeast Organic Dairy Producers Alliance - Deerfield, MA
Northern Plains Sustainable Agriculture Society - LaMoure, ND
Northwest Center for Alternatives to Pesticides - Eugene, OR
Ohio Ecological Food & Farm Association - Columbus, OH
Oregon Tilth - Corvallis, OR
Organic Farming Research Foundation - Santa Cruz, CA
Organic Seed Alliance - Port Townsend, WA
Rural Advancement Foundation International, USA - Pittsboro, NC
Union of Concerned Scientists Food and Environment Program - Cambridge, MA
Virginia Association for Biological Farming - Lexington, VA
Wild Farm Alliance - Watsonville, CA
Women, Food, and Agriculture Network - Ames, IA

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I. EXECUTIVE SUMMARY

The National Sustainable Agriculture Coalition's (NSAC) vision of agriculture is one in which a safe, nutritious, and sustainable food supply is produced by diverse family farmers who are able to support their families and communities through farming and ranching. To fulfill that vision, NSAC prioritizes policies that create jobs and fuel economic development, support the next generation of farmers, protect our natural resources, and make healthy food widely available, including to children in low-income communities. The 2018 Farm Bill is a critical opportunity to reform national food and agriculture policy and to achieve these goals for a more sustainable food and farm future.

The policy proposals in this platform were developed in partnership with the farmers, ranchers, and communities that do the daily work of producing good food and building sustainable food systems. In preparation for the 2018 Farm Bill, NSAC staff and coalition members held listening sessions, conducted surveys, and ran workshops in order to gather feedback on the real-life effects of federal farm policies and to learn what improvements stakeholders hope to achieve in the next farm bill. With that input in hand, NSAC member organizations have developed, discussed, and debated numerous policy proposals over the past year and a half. Through a democratic priority setting process, NSAC members voted to adopt the comprehensive farm bill platform that follows.

What we heard overwhelmingly from stakeholders was that the 2014 Farm Bill's investments in beginning farmer programs, local and regional food systems, organic agriculture, and research have paid dividends. These programs made a real difference in the lives of producers and communities by helping to usher in the next generation of farmers and ranchers, increasing healthy food access, supporting the successful development of new rural enterprises, and ensuring that cutting edge systems and practices are available to all farmers and ranchers.

We also heard, however, that significant barriers persist that keep many of these programs from reaching their full potential. Within the Conservation Title, farmers and ranchers widely support prioritizing working lands conservation programs. We heard that the deep cuts made to

conservation programs in the last farm bill are still being felt around the country, and that farmers, ranchers, and rural communities want to see these lost dollars recaptured in the 2018 Farm Bill. Finally, farmers and ranchers voiced strong support for an equitable farm subsidy system that helps beginning and minority farmers as well as small, diversified, and organic operations, and puts an end to the practice of providing unlimited subsidies to the biggest farm businesses.

NSAC FARM BILL PRIORITIES

NSAC's campaign for the 2018 Farm Bill will advance programs and policies that support the next generation of American farmers and ranchers, farm conservation and stewardship, local and regional food systems, greater investment and more diversity in our public seed supply, and a fairer and more transparent federal crop insurance program.

INCREASING FARMING OPPORTUNITY: BEGINNING FARMERS AND RANCHERS

Nearly 100 million acres of farmland (enough to support tens of thousands of new family farms and ranches) is set to change hands over the next five years – during the course of our next farm bill. To keep our agricultural economy strong, we need to facilitate the transfer of skills, knowledge, and land between current and future generations of family farmers.

The 2018 Farm Bill should support aspiring and retiring farmers and ranchers by:

- Expanding beginning farmers' access to affordable farmland
- Empowering new farmers with the skills to succeed in today's agricultural economy
- Ensuring equitable access to credit and the federal crop insurance program
- Encouraging a heightened commitment to advanced conservation and stewardship for a new generation

ADVANCING LAND STEWARDSHIP: COMPREHENSIVE CONSERVATION TITLE REFORM

Every day, American farmers and ranchers face a myriad of economic and environmental obstacles and challenges (e.g., extreme weather, soil and plant health issues, and pests) and work to overcome them. US Department of Agriculture (USDA) programs can help producers address these challenges by supporting agricultural resilience, strengthening their ability to absorb and recover from weather extremes and other shocks and stresses to their agricultural production systems and livelihoods.

The 2018 Farm Bill should empower farmers and ranchers with the skills, resources, and training necessary to ensure resilient farms and food systems by:

- Expanding program access to serve farmers of all types, sizes, and geography
- Enhancing impact by targeting dollars to the most effective conservation activities to solve priority resource concerns
- Improving support for conservation outreach, planning, and implementation support
- Increasing effectiveness and efficiency through better measurement, evaluation, and reporting

INVESTING IN GROWING REGIONAL FOOD ECONOMIES: NEW MARKETS AND JOBS

Consumer demand for local and regional products is on the rise, and this growing interest in the "farm to fork" pipeline is helping to open new markets and economic opportunities to farmers and ranchers across the nation. However, a lack of infrastructure (e.g. storage, aggregation, transportation, and processing capacity) and technical links (e.g., marketing and business planning) has made it difficult for many farmers and ranchers to update their businesses to reach these customer bases.

The 2018 Farm Bill should help connect the dots by:

- Helping farmers reach new markets through outreach, cost-share, and technical assistance
- Increasing access to fresh, healthy, local food for children and low-income individuals and communities
- Developing new and strengthening existing infrastructure that connects producers to consumers

SECURING SEEDS FOR THE FUTURE: PUBLIC PLANT BREEDING RESEARCH & DEVELOPMENT

Diversification is a central tenet of any good risk management plan. In agriculture, biological diversity is key to ensuring success: having a variety of well-adapted crops not only reduces the impacts of extreme weather, pests, and disease, it also protects against price fluctuations in the market. Yet, the federal investment in public plant breeding R&D has fallen precipitously, putting food security at risk. By re-investing in public plant breeding research and public cultivar development, we can better ensure that all farmers have access to high performing, locally adapted seeds.

The 2018 Farm Bill should keep American agriculture competitive and resilient by:

- Increasing seed options to expand farmers' planting choices
- Boosting investments in research to further crop diversity and enhance the security of our food system
- Improving coordination and transparency to make strategic public and private investments

ALIGNING RISK MANAGEMENT, CONSERVATION AND FAMILY FARMING: CROP INSURANCE MODERNIZATION

The federal crop insurance program is a cornerstone of the farm safety net, but it must be improved to better serve all of America's farmers and use taxpayer dollars more efficiently. In its current form, the program has limited utility for certain types of farms and farmers in many areas of the country; it discourages sustainable farming practices like cover cropping while encouraging some unsustainable practices like short rotations; and it precipitates farm consolidation through its unlimited subsidies.

The 2018 Farm Bill should modernize federal crop insurance by:

- Expanding access to better serve all types of farmers in all regions of the country
- Promoting conservation by eliminating insurance program barriers to sustainable farming practices and linking premium subsidies to stewardship practices that protect our land, water and health
- Reforming the program's structure to prevent the program from unfairly influencing markets, land access, or planting decisions and from promoting farm consolidation and weakened rural communities
- Improving delivery to make the program more transparent and efficient

NSAC POSITIONS ON OTHER KEY FARM BILL ISSUES

In addition to the priorities outlined above, NSAC advocates for a 2018 Farm Bill that:

- Advances racial equity in the food and farm system
- Reverses the trend of rapid consolidation and vertical integration in agriculture
- Increases access to healthy food, particularly for vulnerable children
- Closes commodity subsidy loopholes and includes reasonable subsidy limits.
- Focuses farm loan programs on family-sized farms and historic target constituencies, including beginning and socially disadvantaged farmers
- Reaffirms USDA's Rural Development Mission Area and creates new rural business investment opportunities
- Scales up funding for sustainable agriculture and organic research, education, and extension
- Focuses renewable energy programs on solar, wind, and perennial-based biofuels

II. OVERARCHING RECOMMENDATIONS & FARM BILL BUDGET

The rest of this platform delves into each farm bill issue area in which NSAC will be engaged and summarizes our policy proposals for each. But to begin with the big picture, a few overarching comments on the farm bill in general deserve brief mention.

SINGLE, COMPREHENSIVE FARM BILL

We support a single, comprehensive farm bill and stand strongly opposed to any and all attempts to split the farm bill into two separate measures – one for food assistance programs and one for farm assistance programs. This was attempted in 2013 in the House of Representatives during the last farm bill debate and proved nearly disastrous. We urge Congress, and the House in particular, to put that failed strategy to bed and engage in the work of putting together a unified vision for food and agriculture and a far-reaching and inclusive piece of legislation.

TIMELY CONSIDERATION, BUT REAL REFORM

The opportunity to improve U.S. farm and food policy through the farm bill comes about periodically – every five years in recent times. This opportunity should be used to its fullest. On the one hand, the bill should be worked on vigorously and on schedule, with a new bill enacted into law with little or no time elapsed from the end of the current bill in September 2018. On the other hand, the process should not be rushed. It is a serious undertaking, and real reform is desperately needed if we are to advance economic opportunity, renewal, fairness, and sustainability. If given a choice between a few tweaks here and there in a bill finished early, and a bill with serious reform finished on time, we would very much come down in support of the latter.

BUDGET RECOMMENDATIONS

The farm bill is about far more than just the farm bill budget. Our farm bill platform therefore contains many detailed recommendations for moving farm and food policies forward in a positive direction for the health of the farm, food, and rural economy and the protection of the environment.

Yet, no examination of farm policy today would be complete without a frank discussion of the current budget environment. Much of the farm bill consists of program authorizations that will then be considered by the Appropriations Committees in their work on the annual agricultural appropriations bill. These authorizations are very important; but for these so called "discretionary" programs, the farm bill does not determine whether the program will ultimately be funded, and if so, at what level. That is the work of the annual appropriations process.

Nonetheless, the farm bill does dictate how a good deal of money is spent, to the tune of nearly a half trillion dollars over the normal five-year life of the bill. This funding is known as direct or mandatory spending, and much of the farm bill debate centers on how direct (mandatory) farm bill funding is divided and targeted.

In broad strokes, NSAC's farm bill budget recommendations are to:

- Oppose any cuts to the farm bill through budget reconciliation or any other process, and oppose any cuts to anti-hunger programs.
- End sequestration, a budget process that has been annually cutting mandatory farm bill spending in the Commodity, Conservation, Trade, Rural Development, Research, Energy, Horticulture and Miscellaneous Titles.
- Restore funding to the Conservation Title, which not only was cut in the last farm bill and through sequestration, but also has been cut repeatedly via the annual appropriations process through "changes in mandatory program spending."
- Provide enhanced mandatory funding and permanent mandatory baseline for the successful and innovative programs that support beginning, socially disadvantaged

and veteran farmers, local and regional food markets, organic agriculture, and rural economic and community development.

- Include meaningful and effective per farm caps on all farm bill programs, putting a stop to open-ended entitlement programs with no real limits, such as the current commodity programs and crop insurance subsidy program, and reinvest the savings back into the farm bill to support economic opportunity, job growth in rural communities, food equity, and more inclusive farm programs.

NO OVERALL CUTS AND NO CUTS TO ANTI-HUNGER PROGRAMS

One of the most difficult aspects of putting together what became the 2014 Farm Bill was its starting point. The discussion did not begin with an examination of the level of need, what is working or not working, what is the most effective policy, and what is the evidence telling us. Instead, the debate started by picking a level of budget cuts, and then writing a bill to match it.

The 2018 Farm Bill should start with what is needed, and then deal with how to make that work in the most cost effective way possible, rather than arbitrarily starting from a budget number and then designing policy to match the constraint. In our view, major changes are needed in terms of how farm bill dollars are allocated and targeted, but the size of the total pie should not be reduced.

While there are a significant number of programs we think should get additional resources and others we believe could be trimmed, we single out the Supplemental Nutrition Assistance Program (SNAP) and other anti-hunger programs as an area for special mention because they have been singled out by some policy makers to be cut substantially. We strongly disagree with the suggestion that these programs should be cut. On both substantive and political grounds, we believe that a strong argument can be made for an incremental increase in the budget to improve benefits and access to adequate nutrition. Under no circumstances should the farm bill entertain cutting funding for or radically changing the anti-hunger purpose or the structure of these programs.

END SEQUESTRATION

Automatic annual cuts to farm bill programs are a budgeting reality that has been with us since 2013. Each year the White House Office of Management and Budget determines, by formula, the size of the cut – generally it is between six and seven percent – and applies it across the board to all non-exempt programs. In the farm bill context, the exempt programs are food and nutrition assistance programs, crop insurance subsidies, and the Conservation Reserve Program. That leaves in the non-exempt category all of the commodity, conservation, trade, rural development, research, renewable energy, horticulture, and beginning, minority, and veteran farmer programs funded directly by the farm bill. Sequestration reduces funding for all of these programs automatically on an annual basis relative to the budget levels set by the farm bill.

In our view, Congress should determine farm bill spending in the farm bill, and then respect those decisions and not continuously squeeze certain programs year in and year out. Sequestration is a mindless and lazy approach to doing the hard work of budgeting and making choices. While we realize sequestration involves budget rules that are beyond the scope of the Agriculture Committees, we believe nonetheless that the Agriculture Committees can stand up for their own programs and propose in the farm bill to exempt all farm bill mandatory programs from sequestration. We urge them to do so.

RESTORE FUNDING TO THE CONSERVATION TITLE

No title of the farm bill has been hit so hard by budget cuts in recent times as the Conservation Title. Not only did the 2014 Farm Bill hit the conservation title with a $4 billion cut, but it is also (with the exception of the Conservation Reserve Program) subject to sequestration. Accounting for sequestration, the cuts are more than $6 billion over 10 years, representing a nearly 10 percent cut, by far the largest amount among all the categories of farm bill spending.

Moreover, the annual appropriations process since 2014 has used a backdoor mechanism known as "changes to mandatory program spending" to steal money from the farm bill conservation programs to support other programs. That has removed another nearly $2 billion from conservation programs.

We recommend a restoration of all or most of this money in the 2018 Farm Bill. This restoration of funding is needed because farmer demand for the programs far exceeds the supply of funds, and interest in the conservation programs has been steadily growing. But first and foremost, it is also needed because natural resource and environmental issues related to agriculture remain daunting.

RESTORE BASELINE FOR SUCCESSFUL PROGRAMS AND IN SOME CASES PROVIDE PERMANENT BASELINE

Farm bill nutrition, commodity, crop insurance, and conservation programs all have "permanent" baseline. That is to say, the costs of those programs are assumed to continue on past the expiration of the current farm bill. In other words, if Congress did nothing but simply extend the current farm bill, these programs, which combined make up about 99 percent of farm bill costs, would continue to exist and continue to spend tens of billions of dollars a year.

However, there is another category of programs that are very important, though significantly smaller in size. These programs are scattered throughout the farm bill, including the Research, Rural Development, Energy, Horticulture, and Miscellaneous Titles of the bill. A few of the programs for fruits and vegetables (Specialty Crop Block Grants; Specialty Crop Research Initiative) and renewable energy (Rural Energy for America Program) gained permanent baseline in the 2014 Farm Bill; so now, like the bigger farm bill programs, they will continue to exist and provide funding on into the future even if Congress were to simply extend the current farm bill.

But most of the programs that make up the remaining percent do not have permanent baseline. They were provided mandatory funding in the 2014 Farm Bill (and in many cases, in earlier farm bills as well), but will need new funding in the 2018 bill to continue on into the future. Programs that fall into this latter category include:

- Conservation Reserve Program – Transition Incentives Program
- Beginning Farmer and Rancher Development Program
- Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers
- Organic Agriculture Research and Extension Initiative
- Organic Production and Market Data Initiative
- National Organic Certification Cost Share Program
- Food Insecurity Nutrition Incentives Program
- Value-Added Producer Grants Program
- Rural Microentrepreneur Assistance Program
- Farmers Market and Local Food Promotion Program

In total, there are over 30 programs, including the 10 listed above, that receive mandatory farm bill funding today that are not permanently funded and hence will be subject to a debate about renewed funding in the new farm bill. Combined, the 37 programs represent a $2.6 billion investment by the 2014 Farm Bill, or just over two percent of the total farm bill cost (excluding SNAP). In the rural development title, these programs are 100 percent of direct rural development spending. For the energy, research, and horticulture titles, they represent three quarters, half, and one quarter of total spending, respectively.

More specifically, the ten programs listed above represent a nearly half billion-dollar investment during the current farm bill cycle, including 100 percent of farm bill funding for beginning and socially disadvantaged farmer programs, organic programs, and rural economic development spending.

For these programs to continue on past the expiration of the current farm bill, Congress will have to provide a new tranche of funding for them. These programs are supporting, on a shoestring budget, some of the most innovative farmers and rural entrepreneurs who are trying to rebuild rural communities and regional food systems, address climate change, and make rural America more resilient. They also help kick start a much-needed reinvestment in agricultural research and rural business growth.

Congress has a great opening to increase farm income and farming opportunities, grow new and expanding markets, build the healthy food access pipeline, and create rural jobs by renewing and increasing funding for programs like these that currently receive 2014 Farm Bill funding but lack permanent funding status. The 2018 Farm Bill should not only renew mandatory funding for these innovative programs but also increase funding for these programs across the board, and in some cases provide them with permanent baseline funding status.

ENACT EFFECTIVE PAYMENT LIMITATIONS

Offering a measure of protection against wide price swings and market declines with respect to basic commodities is a legitimate function of government. The resulting safety net, however, should be just that – a safety net, not a subsidy system that encourages land price inflation, soil depleting farming practices and systems, farm consolidation, and declining farming opportunities. The current subsidy system is badly broken and needs to be fixed to bring it in line with widely supported goals of fostering new economic opportunities in agriculture, conserving natural resources and protecting the environment, and improving prospects for the whole of agriculture.

In the longer term, this means rethinking the whole structure of farm programs. In the near term, though, we support commodity programs that are: counter-cyclical; cap support per farm at moderate levels; retain maximum planting flexibility; do not allow base building, conversion of prime grassland, or destruction of wetlands; provide for a basic degree of stocks management to help prevent extreme price swings; and require a basic level of soil conservation for all participating farms that contain land eroding above the sustainable level.

From the standpoint of farm program budgeting, a central issue for the 2018 Farm Bill will be the debate over whether to enact effective subsidy limits for both parts of the farm safety net – commodity subsidies and crop insurance premiums subsidies. We believe that the age of open-ended entitlements, available without limits, must be brought to a close. For nearly 50 years now, there have been limits written into the commodity programs, but an elaborate system of loopholes grew up alongside the limits, making them ineffective. Meanwhile, crop insurance premium subsidies have over the past decade become a very substantial portion of the total farm subsidy system, and those to date have been available with no caps whatsoever.

NSAC will support farm bill provisions to establish strong and effective payment caps for both commodity and crop insurance subsidies. This includes, first and foremost, eliminating the legal loopholes built into the price and income support system. The loopholes allow individual farming interests to secure nearly unlimited taxpayer support by allowing business entities to dodge the requirement to be "actively engaged in farming." Retaining the loopholes not only encourages cynicism about government subsidies, but also reduces entrepreneurial opportunity in farming. This abusive, wasteful, and counterproductive policy must come to an end.

The farm bill should include strong, loophole-free payment limitations as well as conservation requirements for both commodity and crop insurance programs of all types. Continued public and taxpayer support for the farm safety net programs hinges in large part on these accountability provisions to create economic opportunity in farming, preserve natural resources, and protect future food security.

III. NSAC FARM BILL PRIORITIES

A. INCREASING FARMING OPPORTUNITY: BEGINNING FARMERS AND RANCHERS

Agriculture in the U.S. is experiencing a renaissance. With the rise of "farm to table" and more localized food systems, increased consumer demand for organic food, growing consumer awareness of sustainably produced meat and dairy products, and a heightened concern for the contributions to climate change and environmental sustainability – conversations about the way our country farms and eats has never been of more interest.

Despite this renewed interest, high barriers to entry still make farming and ranching one of the hardest careers to pursue. Significant hurdles, including access to affordable farmland, high upfront startup costs, and saturation of markets, discourage many from pursuing or being successful starting a new farm business. As a result, the number of people entering agriculture has been slowly declining each year; in 2012, beginning farmers made up only a quarter of all farmers in the US.

The average American farmer is now over 58 years old, and farm operators that are 65 years and older make up the fastest growing group of farmers, with a "lost generation" of farmers under 45 who have chosen to pursue a career other than agriculture.

New farmers and socially disadvantaged farmers entering agriculture today have different needs and face new challenges compared with farmers who started farming decades ago and are now facing retirement. Beginning farmers are younger on average, and less likely to farm full-time than more established farmers. They also tend to operate smaller farms, have more diversified operations, and increasingly come from non-farm backgrounds with little access to farmland, which has traditionally been passed down from generation to generation. People are changing both how and what we farm in this country, and programs and resources need to be tailored to meet the needs of the next generation of farmers in order to ensure the success of the future of agriculture.

With the upcoming farm bill, Congress has an opportunity to lay out a national beginning farmer

and rancher strategy that breaks down barriers to entry and gives real support to the next generation to ensure the effective start-up and success of new small and mid-scale farms across the country.

1. CONSERVATION TITLE

The conservation title of the farm bill includes a handful of special incentives to beginning farmers and ranchers (BFR) and socially disadvantaged applicants (SDA) to participate in federal agricultural conservation programs. Farm bill conservation programs are absolutely critical in encouraging beginning and socially disadvantaged farmers to adopt strong conservation systems on their farms from the outset. Adoption of sustainable systems is often far easier at the beginning of an operation's history than later on once a production system is in place. Over time, these incentives have increased participation of beginning and socially disadvantaged farmers in conservation programs, and must be protected in the upcoming farm bill.

a. Agricultural Conservation Easement Program

Land access is one of the biggest challenges for young and beginning farmers all across the country – whether small-scale dairy farmers in New England, livestock and grain producers in the Midwest, or specialty crop producers across the South. Over the last decade, farmland prices have doubled nationwide and risen far higher in areas with pressure due to real estate development or commodity prices.

The Agricultural Conservation Easement Program (ACEP) was created in the 2014 Farm Bill to help protect farm and ranchland, wetlands, and grasslands. ACEP incorporates the purposes of its predecessor, the Farm and Ranch Land Protection Program (FRPP) by providing matching funds to help purchase development rights to keep productive farm and ranchland in agricultural uses.

Prioritize Agricultural Land Easement (ALE) projects that maintain agricultural farm viability and include affordability protections, such as an option to purchase at agricultural value (OPAV).

In areas with high development pressure, ACEP and its predecessor programs, have successfully conserved agricultural land in partnership with land trusts, states and tribal entities. However, the program is limited in its ability to ensure that protected farmland will remain affordable and viable for future generations.

The 2014 Farm Bill created the ALE component of ACEP to replace FRPP, and added "farm viability" to the new consolidated program purpose. This clarification was intended as a clear directive to USDA to ensure that ACEP would be as helpful as possible to the cause of creating viable new farming opportunities for beginning farmers.

This statutory change has encouraged the Natural Resources Conservation Service (NRCS) to do more to ensure that the program protects working farms rather than rural estates. However, further clarity is needed in statute to ensure that NRCS targets ACEP funding to those easements that best foster opportunities for new farmers and increase new farmer access to affordable farmland.

In response to public comments on the ACEP interim final rule, NRCS made a number of changes to the program's final rule in order to better support beginning farmers. For example, the final rule allows NRCS to reduce the eligible entity's cash contribution if the covered parcel is part of a comprehensive plan to facilitate transfers to new and beginning farmers, or if a beginning, veteran or socially disadvantaged farmer or rancher has a purchase and sale agreement to acquire the property. In addition, NRCS has noted in its policy manual for the program that OPAVs qualify as a type of succession plan. While these changes were a welcomed step in the right direction, they do not have the weight of making beginning farmer access a national priority.

b. Conservation Reserve Program – Transition Incentives Program

The Conservation Reserve Program – Transition Incentives Program (CRP TIP) is an innovative land access program that has been connecting retiring landowners with beginning and socially disadvantaged farmers since 2008 and with veterans since 2014. CRP-TIP offers two years of extra CRP rental payments to owners of land that is currently enrolled 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. While the program has been largely successful, there are important funding and policy changes needed in the next farm bill to address key issues with program implementation and participation.

Include TIP funding in the CRP baseline so the program can meet the anticipated demand in the coming years.

Given the large number of expiring CRP contracts over the next five years, funding for TIP in the next farm bill will be more important than ever. Over the course of the next farm bill, more than 14 million acres of CRP will transition back into production, compared to the 8 million acres, which have expired over the course of the current farm bill. Texas alone will see more than 2.5 million acres expire between 2018 and 2022.

Over the first five years of the program, Congress provided $25 million for TIP contracts. This initial funding level was inadequate to meet the actual demand from retiring and beginning farmers across the country. The program ran out of money in 2012 and turned many interested farmers away until funding was restored upon passage of the 2014 Farm Bill, which increased funding for the next five years to $33 million.

As of the close of the 2016 Fiscal Year, USDA had obligated roughly 47 percent of the $33 million in TIP funding provided in the 2014 Farm Bill. A number of states have already used the majority of their funding: WA (100 percent), MN (90 percent), PA (90 percent), NE (75 percent), MI (69 percent), MT (64 percent), ND (54 percent). With a large number of contracts expiring in 2017, FSA may again run out of funding before the next farm bill is reauthorized.

Congress should incorporate TIP funding into the CRP baseline in order to allow FSA to respond to the actual demand for program funding in real time, without the fear of running out of funding or starting and stopping a program and having to turn interested farmers away.

Increase program flexibility and expand eligibility to allow any CRP landowner over 65 years old to enter into a TIP contract within the last three years of their CRP contract.

In addition to providing a more stable and permanent source of funding for TIP, the next farm bill should also simplify eligibility requirements that are currently cited as a participation barrier for some landowners. In order to be eligible for the additional years of rental payments, a CRP landowner must be considered "retired or retiring" – which has been a source of confusion and ambiguity for both farmers and county offices. The Farm Service Agency (FSA) currently defines a "retired or retiring" farmer as "an owner or operator of land enrolled in a CRP contract who has ended active labor in farming as a producer of agricultural crops or expects to do so within five years." For some, this barrier to meeting the eligibility requirement is simply a social one, as many farmers will never consider themselves to be retired, or foresee ending active labor in the near future.

To address this barrier, the next farm bill should both simplify and expand landowner eligibility requirements to include:

- any interested landowner with an expiring CRP contract as long as there is a sale or lease-to-own transaction through TIP; or
- any CRP landowner over the age of 65 in the case of lease transactions through TIP.

Additionally, the next farm bill should allow a CRP landowner to enter into a TIP contract anytime during the last three years of their CRP contract, and allow an early-out without penalty for CRP landowners who sell their land to a beginning, socially disadvantaged, or veteran farmer or rancher who agrees to meet the existing TIP conservation criteria. Facilitating the match between a landowner and interested farmer or rancher is one of the most difficult and time-consuming aspects of this program because of restrictions on sharing information related to current contract holders. Congress should provide FSA with the maximum flexibility to connect retiring and beginning farmers at any point within the last three years of a landowner's CRP contract.

Provide $5 million in dedicated outreach funding to allow FSA to effectively connect retiring landowners with beginning, socially disadvantaged, and veteran farmers.

Since TIP was first created in 2008, program usage has varied drastically from state to state. While there are some states with high CRP enrollment where TIP has been a popular option (like Washington, Montana, Minnesota, and North Dakota), there are other states with high CRP enrollment where TIP is virtually non-existent (like Texas, Illinois, South Dakota, Missouri, and Mississippi).

Under funding from a cooperative agreement with FSA, NSAC analyzed program usage in four high CRP enrollment states (Nebraska, South Dakota, North Dakota, and Iowa) to better understand why some states utilized TIP more than others. A key finding from that analysis was the difficulty in conducting outreach and connecting interested CRP landowners with beginning and socially disadvantaged farmers. The states that had the highest TIP enrollment (like Nebraska) utilized a variety of outreach methods, and had dedicated staff to conduct outreach throughout their state.

Clearly, the level of outreach is an issue and often dependent on individual FSA staff or county offices. Additionally, since FSA is prohibited by law from sharing CRP contract holder information, interested beginning farmers find it very challenging to connect with CRP landowners to whom they are not related; and the online database, TIPnet, has proved to be largely ineffective in connecting landowners. TIP is perhaps one of the most difficult USDA programs to conduct outreach on, simply because of the necessity to connect two interested parties while abiding by federal privacy regulations. The next farm bill should address this program implementation challenge directly by providing dedicated outreach funding.

c. Environmental Quality Incentives Program

Add a priority on beginning, socially disadvantaged, limited resource, and veteran farmer projects within Conservation Innovation Grants.

In recent years, NRCS has taken leadership in directing Conservation Innovation Grants (CIG) program investments toward projects that benefit underserved and veteran farmers and ranchers. In FY 2017, for example, NRCS set aside 10 percent of CIG funds for these projects, and required peer reviewers to consider both the extent to which a project would engage these groups during the project, and the extent to which the outcomes of the project, such as a new technology, could be transferred to underserved and veteran farmers and ranchers. During the FY 2017 funding round, nearly one third of funded projects targeted these communities. In order to ensure that this important work continues into the future, the next farm bill should direct USDA to prioritize CIG projects that serve beginning, socially disadvantaged, limited resource, and veteran farmers and ranchers.

Modify the Advance Payment Option to mandate automatic enrollment for beginning and socially disadvantaged farmers and ranchers.

See Section III.C - Advancing Land Stewardship.

Increase beginning and socially disadvantaged farmer funding set-asides from 5 to 15 percent.

See Section III.C - Advancing Land Stewardship.

d. Conservation Stewardship Program

Increase beginning and socially disadvantaged farmer funding set-asides from 5 to 15 percent.

See Section III.C - Advancing Land Stewardship.

2. CREDIT TITLE

Access to appropriate credit is critical for farmers, particularly those just beginning their career in agriculture. Rarely do beginning farmers have the cash to outright purchase equipment, inputs, and land. Credit allows farmers to purchase the supplies they need and get a crop in the ground before the fruits of that labor are available.

Credit not only needs to be accessible, but it also needs to be appropriate. For beginning farmers, this often means smaller loan sizes with reasonable interest rates. Beginning farmers with limited assets, and often other debt, cannot leverage multi-million dollar levels of debt. Nor do they generally need to take on so much debt. It is critically important that available credit options are scaled to appropriately accommodate farmers at multiple points in their careers.

a. Direct Farm Ownership Loans

Increase maximum loan amount to $500,000 and allow the loan cap to be adjusted annually with the price of farmland inflation rates.

Direct Farm Ownership (DFO) loans are currently the only loan program for which the Farm Service Agency (FSA) has not expended all of its funding in recent years. Although there are many factors that impact the demand for real estate loans (including the availability and affordability of land for sale), one of the likely contributing factors is the statutory loan cap, which does not reflect the reality of farmland real estate trends. The current $300,000 cap on FSA direct farm real estate has not been adjusted for inflation since 2008, while farmland real estate values, have increased by nearly 40 percent across that same time. This mismatch has significantly hindered the ability of FSA to provide appropriate levels of credit to the beginning farmers who are targeted to receive at least 75 percent of DFO loans. DFO loans are the only loan type for which the current average amount exceeds 50 percent of the current loan cap, an indication that the DFO cap, but not the Direct Operating Loans (DOL), Guaranteed Operating Loans (GOL), or Guaranteed Farm Ownership Loans (GFO) cap, is in need of adjustment.

Since farmland differs by region and state, the next farm bill could address this issue by adjusting and then indexing the maximum loan amount to regional farmland inflation rates. The rate of inflation in the farm real estate market is a far better indexing formula than the general rate of inflation for all goods and services that is used for indexing GOLs and GFOs.

The next farm bill should provide a long-overdue increase to FSA DFO loans and also direct USDA to develop an index for regional farmland inflation rates to be used to adjust DFO loan caps annually. This will help improve farming opportunities for new and beginning farmers, and since the appropriated program level for the past few years has exceeded recent demand, this increase is adequately justified and can be managed within existing demand and appropriations. These important and timely policy changes will allow FSA the flexibility to better meet the financial farmland real estate needs of farmers now and into the future.

Authorize Direct Farm Ownership Microloans.

In 2012, FSA established a new FSA Microloan option within their Direct Operating Loan authority, and to date, has made 18,000 microloans totaling over $410 million in agricultural credit to small, urban, local, beginning, and socially disadvantaged farmers. The 2014 Farm Bill codified Microloans as an explicitly authorized loans program within FSA Direct Operating Loans.

Since then, FSA has expanded the microloan option (which caps loans at $50,000) to their Direct Farm Ownership loan program as well, in order to streamline the application process for the purchase of smaller parcels of land. However, because the microloan provision in the 2014 Farm Bill (Section 5106) limits the total indebtedness to $50,000 for any microloan, currently, a farmer cannot obtain both an operating and an ownership microloan unless the total for both loans is under the $50,000 statutory cap. The next farm bill should resolve this issue by creating a parallel microloan authority with FSA's Direct Ownership loan program, and should specify that the $50,000 total indebtedness cap is specific to each loan program.

b. Cooperative Agreements

Amend the microloan statute to authorize FSA to enter into cooperative agreements with Community Development Financial Institutions (CDFIs) and nonprofit organizations to provide business, financial, marketing, and credit management services and technical assistance to microloan borrowers.

The 2014 Farm Bill created a Cooperative Lending Pilot Project (Section 5106), which allows FSA to partner with a CDFI to provide credit and technical assistance to farmers that are underserved by FSA – including beginning and socially disadvantaged farmers. This authority was based on other successful intermediary relending programs, like the Rural Microentreprenuer Assistance Program (RMAP) that provides both loan capital and technical assistance funding to Micro-Development Organizations.

The 2014 Farm Bill intermediary relending provision has not been implemented to date, due to administrative challenges related to the ability of an intermediary to determine borrower eligibility in a manner than complies with administrative and regulatory procedures for approving or rejecting a loan application.

However, CDFIs and other nonprofits still serve as a valuable resource in providing financial literacy and other needed skills to new borrowers and others that are not well served by either private or USDA lenders, and they are increasingly reaching a larger portion of new farmers and agricultural enterprises. The next farm bill should modify the microloan statute in order to allow FSA to enter into cooperative agreements (rather than official intermediary relending agreements) with CDFIs and other entities to provide other financial, technical assistance, and related services to farmers currently underserved by FSA.

c. Borrower Training

Coordinate the FSA borrower training program with the Beginning Farmer and Rancher Development Program (BFRDP) in order to ensure that financial management training programs funded by BFRDP are able to meet the borrower training requirements for obtaining an FSA loan.

The Agricultural Credit Improvement Act of 1992 first introduced borrower training programs as a requirement for anyone seeking to obtain a loan from USDA's Farm Service Agency (FSA). Since then, FSA borrowers are required to participate in a qualified production and financial management training program as a condition of their eligibility for all new direct and guaranteed loans. The aim of this program is to improve the borrower's understanding of financial and farm management concepts associated with commercial farming, and to enable the borrower to better manage their farm operations.

In order to be recognized as a qualified training program, an institution must meet minimum regulatory standards in course content and instructor qualifications, and must sign an agreement with FSA to ensure these curriculum standards are being met. FSA may contract with state agencies or private institutions to provide trainings to borrowers, and participants are responsible for paying for the training, but can use their loan funds to do so.

BFRDP is administered by the National Institute of Food and Agriculture (NIFA), and provides grants to institutions and organizations that provide education, training and development programs for new farmers. One of the program's priority areas is to fund programs that train farmers on business management and decision support strategies that enhance financial viability of beginning farmers and ranchers. This includes business and financial management training, in addition to tax and risk management education. However, not all BFRDP-funded organizations are recognized as qualified training programs by FSA, and therefore, beginning farmers who complete a training curriculum through BFRDP, which includes a financial and business management component, may be required to complete additional and duplicative training when applying for an FSA loan. This is not only a waste of farmers' time and money, but an inefficient and duplicative use of federal resources.

The next farm bill should provide clear statutory guidance to FSA to ensure that financial management training programs funded by BFRDP are able to meet the borrower training requirements for obtaining an FSA loan.

3. RURAL DEVELOPMENT TITLE

Agriculture provides a critical source of income and employment to many rural Americans and remains the backbone of rural economies across the country. Like other small businesses, farming is central to rural economic development. Increasing support for farm and farm-related business start-ups can be an important rural development strategy in farming dependent areas of rural America which often have trouble retaining and attracting young people. It can also facilitate increased access to local and regional foods, help to grow the next generation of farmers, and strengthen local agricultural economies.

a. Value-Added Producer Grants

Clarify and reinforce the priority and funding set-aside for beginning and socially disadvantaged farmers and ranchers within the program.

The Value Added Producer Grants Program (VAPG) was first authorized in 2000, and modified by the 2008 Farm Bill to create a priority for projects benefiting beginning and socially disadvantaged farmers and ranchers as well as a set-aside of program funding. The intent of these provisions was to assist new farmers in launching value-added farm business and increasing the profitability, and long-term viability of their operations.

However the administration and implementation of this priority and set-aside has been largely problematic. For example, USDA unilaterally created additional program priorities not directly authorized by the farm bill, thereby weakening the effect of the statutory priorities. USDA also decided to assign ranking points in a way that disadvantages individual applications from beginning and socially disadvantaged farmers and ranchers. The program remains extremely competitive and oversubscribed, and it is especially difficult for new farmers to compete for funding. This proposal would provide clearer direction to USDA to fully implement the existing priority and set-aside.

See Section III.D, Investing in Growing Regional Food Economies, for additional program recommendations.

b. Rural Microentrepreneur Assistance Program

Increase mandatory funding to $5 million per year for grants and loans to CDFIs and other Micro-Development Organizations (MDOs).

Most new farmers have little financial and business training at the onset of their farming careers and require more one-on-one technical assistance in order to be well-prepared to apply for a farm loan – whether from FSA or a commercial lender. For these new and aspiring farmers that are in need of not only financial literacy skills, but also business and marking plans and one-on-one support in establishing a new viable farm business, the nonprofit community and CDFIs have been stepping up to the plate in recent years to fill this gap.

Most CDFIs are effective in reaching borrowers who are underserved by other lending institutions (including FSA, Farm Credit, and other agricultural lenders) and are able to provide them with one-on-one support that new enterprises need to start and maintain a successful and viable new farm business. There are few sources of funding for this critical loan capital and technical assistance funding, and the Rural Microentrepreneur Assistance Program (RMAP) is one of the few programs that provides both grant and loan funding to MDOs to help rural entrepreneurs launch new small rural businesses (including new farm enterprises).

4. RESEARCH TITLE

a. Beginning Farmer and Rancher Development Program

Over the next five years, increase mandatory funding to $50 million per year to establish permanent funding and ensure the continued investments and long-term support for new farmer training programs nationwide.

The Beginning Farmer and Rancher Development Program (BFRDP) is the only federal program exclusively dedicated to training the next generation of farmers and ranchers. The 2008 Farm Bill provided $19 million per year for BFRDP, and the 2014 Farm Bill increased annual funding only slightly to $20 million through 2018. Demand, on the other hand, has increased significantly in recent years, with over 40 percent more applications since the passage of the 2014 Farm Bill. Additionally, since 2014, BFRDP has only been able to fund 24 percent of all proposals submitted, turning down two out of every three meritorious proposals recommended for funding.[1] Increasing total farm bill funding to $50 million per year by FY 2023 would provide permanent funding to ensure a long-term national investment in the future of agriculture in the US. This funding level would also ultimately increase both the number and breadth of newly established programs and long-standing successful programs to ensure farmers in every state have access to new farmer training. To date, BFRDP funding has supported new farmers in nearly every state across the US, though regional and localized gaps in training resources exist.

This funding level will also allow the program to broaden its scope in order to address pressing issues related to generational transfer of farmland, and will support additional program priorities on farm transfer and succession planning, food safety, financial literacy, and new farmer asset-building (see below).

Add a new priority on food safety, and strengthen the priority on land access and farm transfer planning by expanding to include training and technical assistance specific to succession planning and other farm transfer strategies.

1 *National Sustainable Agriculture Coalition. 2017. Cultivating the Next Generation: An Evaluation of the Beginning Farmer and Rancher Development Program (2009 to 2015). Washington D.C. Available online at: http://sustainableagriculture.net/publications/bfrdp/)*

While the list of program priority areas is broad and encompasses most high priority training needs facing new farmers, there are several recent topics that have become more relevant and pressing since the program priorities were first developed in 2002. The next farm bill should assess the current list of priorities and modify as necessary to reflect current high priority training topics facing the next generation of farmers.

This includes: 1) food safety training (especially given the increasing importance of training new farmers in light of the new food safety regulations recently finalized under the Food Safety Modernization Act); and 2) farm transfer, succession planning, and land access issues (given the large number of acres expected to transfer hands in the coming decade and the increasing difficulty in accessing farmland across the country).

Eliminate matching funds requirement (or add waiver for limited capacity organizations).

Any institution that applies to BFRDP, including community-based organizations and nonprofits in addition to academic institutions, are currently required to provide a 25 percent match in order to be eligible for a BFRDP grant.

BFRDP is the only competitive research program within NIFA which still requires a match, regardless of applicant type, and is also the grant program which has the largest number of applicants and awards from non-profit and community-based organizations, who are often the least able to secure matching grant funds. The long-standing matching grants requirement within BFRDP prevents many organizations, especially limited resource organizations, from even applying. Other programs, like the 2501 program and most other competitive research programs outside of USDA, require no match in order to receive grant funding.

The next farm bill should address this long-standing concern from the nonprofit and beginning farmer training community and eliminate the targeted matching funds requirements from BFRDP, or at the very least allow limited resource organizations or those serving an underserved community to be exempt from the matching funds requirement.

Limit clearinghouse grant funds to no more than $100,000 per year.

When BFRDP was first created in the 2008 Farm Bill, a clearinghouse was established in statue in order to coordinate new farmer curriculum development and make them available to the public. The clearinghouse that was established under the 2008 Farm Bill was re-competed in 2014 (upon passage of the 2014 Farm Bill) and is currently being maintained by a new institution (the University of Minnesota). Establishing a new clearinghouse every five years is an ineffective use of limited program funding. Funds to support a clearinghouse should be limited to $100,000 per year and for the purpose of maintaining an already established clearinghouse. In order to ensure the clearinghouse is accountable and maintains its effectiveness and relevance, USDA should be required to evaluate the performance of the clearinghouse on a regular basis, rather than simply recompeting every five years.

Clarify use of grant funds for individual technical assistance to new and retiring farmers.

While not explicitly prohibited, some grant projects that focus on providing one on one technical assistance to new and retiring farmers and thereby train fewer individuals have been deemed less worthy of funding by the competitive peer review process in recent years. One on one technical assistance is an incredibly valuable resource for new farmers and should be encouraged, rather than penalized because of the resulting "smaller" project outcomes.

Increase flexibility for Educational Enhancement Team (EET) grants. Authorize or direct evaluation of EET projects to date.

As written in statute, EET grants are overly prescriptive and solely focused on curriculum development and modules for new farmer training. These projects are collaborative in nature and often take the form of a "train the trainer" approach – which could be applied to other project types that are more focused on training other professionals. This would be similar to the Sustainable Agriculture Research and Education (SARE) Professional Development Program, which funds project that train Extension on sustainable agriculture research topics. The next farm bill should broaden the scope of EET grants to allow for both large, regional education teams as well as smaller "train the trainer" teams that work through a variety of channels – not just limited to developing curriculum.

Authorize $10 million for Individual Development Accounts.

Passed in the 2008 Farm Bill but not appropriated to date, despite USDA funding requests, beginning farmer Individual Development Accounts (IDAs) are designed to help beginning farmers and ranchers of limited means finance their agricultural endeavors through business and financial education and matched savings accounts. The program is modeled after the more urban-based Individual Development Account program, administered by the Department of Health and Human Services, that focuses primarily on home purchase or business development.

Beginning farmer and rancher IDAs would support a new generation of farmers and ranchers by assisting those of modest means to establish a pattern of savings. Ultimately, the savings can be used as part of a down payment on farmland or to purchase breeding stock, farm equipment, or other productive assets required to start farming or ranching. Although individual matched savings accounts have not been funded to date, BFRDP has funded the development of networks of IDA programs. However, BFRDP does not currently have the authority to fund the actual "match" for an individual development account.

The next farm bill should streamline or consolidate these two related programs, and allow BFRDP to serve as the umbrella USDA beginning farmer program that is able to fund both the development and implementation of a beginning farmer IDA program. If needed, the National Institute of Food and Agriculture (NIFA) could work with FSA to administer the IDA program through a Memorandum of Understanding (MOU) or other agreement.

b. Agriculture and Food Research Initiative

Expand the focus within the Agriculture and Food Research Initiative (AFRI) to fund research on barriers and bridges to entry and farm viability for young, beginning, socially disadvantaged, veteran, and immigrant farmers and ranchers – including farm succession, transition, transfer, entry, and profitability issues.

Very little federal research funding is currently dedicated to better understanding the complex issues around farm transfer, land access, and other barriers facing both new farm start-ups and the growing generation of retiring farmers. In comparison to the upcoming transfer of some 400 million acres of land over the next two decades, the funding for research and extension on these issues seems paltry. While AFRI's statutory priority on small and mid-sized farm under section 2(b)(2)(F)(2) has been used in some (but not all) years to solicit research on topics related to new and beginning small and mid-sized farms, the statutory language should be clarified in the next farm bill to provide clarity and encourage more research on the pressing and timely issues around land transfer and beginning farmer issues.

For example, there is very little longitudinal research tracking beginning farmers throughout their careers that would provide insight into both the barriers to entry into agriculture, as well as any barriers that obstruct their ability to continue farming long-term and/or scale up their businesses.

See Subsection D (AFRI) under Section V – Other Key Farm Bill Issues

c. Farmland Tenure, Transition, and Entry Data Initiatives

Direct USDA to collect and report data and analysis on farmland ownership, tenure, and transition, as well as barriers to entry and the profitability and viability of beginning farmers.

A review of the data provided by the Tenure, Ownership, and Transfer of Agricultural Land (TOTAL) survey conducted by the National Agriculture Statistics Service (NASS) in 2014 clearly shows that American farmland is increasingly owned by absentee landlords or landlords not otherwise not engaged in farming the land that they own.

According to TOTAL, more than half of all principal landlords were 65 years or older (as of 2014) and 80 percent of all rented farmland was owned by non-farming landlords. Additionally, 91.5 million acres (about 10 percent) of all farmland surveyed was slated for ownership transfer within 5 years; only a small fraction of that land (21 million acres) was expected to be sold to a non-relative.

This data suggests a concerning trend, wherein access to farmland will become increasingly difficult – particularly for first generation farmers. With large portions of our farmer and agricultural landowner populations preparing to age out of the industry, the urgency to adopt strategies to address land tenure, transfer, and access issues has never been greater. In order to design effective public policies to address these complex issues, however, more information is needed to better understand and anticipate future ownership trends.

The 2017 Census of Agriculture will report for the first time a more detailed understanding of the role of operators (including beginning farmers). This new data will in turn allow for more targeted data collection and analyses on the specific challenges and trends surrounding new farmers.

The next farm bill should establish a Farmland Tenure, Transition, and Entry Data Initiative within NASS in order to expand our understanding of issues concerning land access and the health of the next generation of farmers. This new data initiative should include 1) a regular follow-on survey to both the Census of Agriculture and the TOTAL survey to investigate the extent to which non-farming landowners are purchasing and holding onto farmland for the sole purpose of real estate investment, and 2) comprehensive annual reporting of trends in farmland ownership, tenure, transition, as well as barriers to entry and the profitability and viability of beginning farmers.

5. CROP INSURANCE TITLE

Effective risk management strategies are critical to any farming operation, but they are especially important during a farmer's first few years – a time during which they may have few assets or savings to fall back on in case of a crop failure or lower-than-anticipated revenues.

Our nation's federal crop insurance programs, in combination with other risk management strategies, are a key part of what is widely known as the "farm safety net". Given the important role federal crop insurance plays in shielding farmers against unforeseen disasters and downfalls, it is crucial that these programs work adequately for all farmers, including underserved farmer groups such as beginning organic, and diversified farmers, as well as operators of small and mid-sized farms.

Important changes in the 2014 Farm Bill helped to expand risk management options for underserved farmers, however, more improvements are needed to ensure that all farmers have access to appropriate risk management options.

a. Risk Management Partnership Program

Modify the Risk Management Partnership Program (RMPP) to include a strong emphasis on projects 1) targeting beginning and other underserved producers, and 2) focusing on value-added, diversification-oriented risk management tools, including whole-farm revenue protection products.

RMPP was created in 2000 as a Risk Management Agency (RMA) competitive grant program to help farmers – especially beginning farmers and those in states where crop insurance is underutilized – to better understand and access the risk management tools available to them.

The Risk Management Education (RME) program, administered by the National Institute of Food and Agriculture (NIFA), is a complementary program to RMPP. RME supports a regional network of risk management centers that fund education and extension projects to help farmers learn about and use risk management tools, including but not limited to crop insurance. The risk management center grants help farmers to address many types of risk (e.g., human capital, credit, and legal risk), none of which are addressed by federal crop insurance programs. The centers also have Advisory Councils, which keep the focus on regional needs; in contrast, RMPP is a nationally focused program. Both programs fund projects that help inform farmers about crop insurance, futures, options, forward contracts, as well as provide information on broader risk management topics such as crop and enterprise diversification, conservation planning, new and value-added markets, debt reduction, and asset building strategies.

The 2008 Farm Bill amended RME by adding a special emphasis for risk management education projects that assist beginning and socially disadvantaged farmers or ranchers. This emphasis has not yet been established statutorily for RMPP, although the program's Request for Applications (RFA) has included a priority for projects targeting socially disadvantaged farmers (but not beginning farmers,) in recent years. Given the importance and increasing complexity of federal crop insurance programs the next farm bill should address this oversight to ensure that both RME and RMPP address the risk management needs of all producers, particularly beginning and other historically underserved farmers.

b. Non-Insured Crop Disaster Assistance Program

Allow the Non-insured Crop Disaster Assistance program (NAP) to provide risk management coverage for beginning farmers who are unable to purchase a Whole Farm Revenue Protection (WFRP) policy due to lack of production or revenue history.

Currently, there are limited risk management options available to beginning farmers and ranchers who engage in diversified farming. The 2014 Farm Bill created WFRP in part to address this coverage gap, however, five years (three if a beginning farmer) of revenue history are required to enroll. If a beginning farmer takes over an existing operation they can use the prior farmer's revenue history to qualify for WFRP, however, those records may not be available, adequate, or simply not reflect the new farmer's projected revenue projections. WFRP's revenue history requirement makes entry into the program challenging for the very farmer subsets it seeks to target – beginning, diversified, organic, and other underserved farmers.

In order to resolve this, the next farm bill should create an intermediate option within NAP to provide farmers in their first few years with an "on-ramp" into WFRP. This on-ramp would allow producers to access basic risk management coverage while they begin establishing a production and revenue history.

See Section III.G, Aligning Risk Management, Conservation and Family Farming, for details.

c. Beginning Farmer Definition

Bring RMA's definition of a beginning farmer into conformity with the definition used by all other USDA agencies, allowing the 2014 Farm Bill crop insurance provisions to apply a producer's first ten years in operation.

The 2014 Farm Bill included several provisions that helped beginning farmers better access and participate in federal crop insurance programs, including: an additional 10 percent premium subsidy, the waiving of fees for catastrophic coverage, allowing utilization of production histories from farms with which they have been involved, and allowing a substitute yield adjustment of 80 percent of proven yield rather than 60 percent of the T-Yield (county 10 year average yield).

These benefits cover only the first five years of a beginning farmer's career, however. This stipulation puts crop insurance in conflict with all other USDA programs, which define a beginning farmer as someone who has been farming for less than 10 years. Additionally, if a beginning farmer chooses to first participate in WFRP (which requires five years of revenue history, three if a beginning farmer), they would only be able to take advantage of the 2014 Farm Bill crop insurance incentives for two years.

Farmers spend their first 10 years (sometimes more) in agriculture learning the ropes and building the foundation for their businesses. During this growth period they are particularly vulnerable to volatile fluctuations in weather, production, and the market, which is why all other USDA programs use the 10-year benchmark to define "beginning farmers". The next farm bill should resolve this issue by bringing RMA's beginning farmer definition into harmony with all other USDA program definitions, expanding benefits to all farmers in their first 10 years.

See Section III.G, Aligning Risk Management, Conservation and Family Farming, for details.

d. Beginning Farmer Insurance Study

Direct RMA to conduct a study to assess what barriers exist for beginning farmers in accessing crop insurance products, and encourage RMA to make whatever regulatory or operational changes are necessary to provide them with full, unhindered access to these programs.

Currently, there are limited risk management options available to beginning farmers and ranchers who engage in diversified farming operations. WFRP is a federal crop insurance policy that has the best potential to serve the needs of new farmers because it offers a whole-farm risk management plan that protects against low revenue caused by unavoidable natural disasters and market fluctuations. However, its current form, WFRP has some noted limitations that constrain producer participation in general, and participation by beginning farmers specifically – most notably the requirement to provide three years of revenue history. While some of these barriers can be addressed by making the aforementioned policy recommendations, there are likely additional barriers preventing new farmers from fully managing risk on their farms that should be studied, identified, and addressed by RMA.

See Section III.G, Aligning Risk Management, Conservation and Family Farming, for details.

6. MISCELLANEOUS TITLE

a. Small and Beginning Farmer Coordinators

Add new authority within USDA to establish a small farm and beginning farmer and rancher coordinator (from within existing staff) at each state office for the Farm Service Agency (FSA), Risk Management Agency (RMA), Natural Resources Conservation Service (NRCS), or Rural Development (RD) who will coordinate outreach and technical assistance to help Beginning Farmers and Ranchers (BFRs) gain access to USDA programs and develop a state plan to ensure adequate services are provided at all county and area offices.

Small and beginning farmers often struggle to access USDA programs, including programs that are designed to help them obtain sufficient credit in order to buy land, livestock, or equipment. Federal loan and farm business grant programs (e.g., Value-Added Producer Grant Program) can be vitally important in helping a beginning farmer to build a profitable and sustainable farming operation.

However, while state and local USDA offices know the programs of their own agency (e.g., FSA, RMA, RD, NRCS), they might not have a working knowledge of USDA programs offered by other agencies.

By establishing beginning farmer and rancher coordinators, USDA can ensure that these producers have uniform and up-to-date information about programs and guidance across agencies. USDA has previously established other such coordinator programs (e.g., American Indian and Alaska Native Coordinators within Rural Development), and has already hired several pilot beginning farmer and rancher coordinators (housed within FSA) to develop strategies and best practices in reaching out to and better serving beginning farmers in their regions. FSA currently has beginning farmer coordinators serving the following states: New Mexico, Nevada, Kentucky, Tennessee, Georgia and New York.

FSA's coordinators have been in place since 2016, and already have yielded some impressive results in connecting more new farmers with USDA programs and guidance for the first time. Additionally, the presence of the FSA coordinators has allowed USDA to:

- develop a set of performance metrics that analyze how beginning farmers are using USDA programs
- coordinate Market Summits that connect companies and with beginning farmers and help them to identify what is needed to successfully sustain their businesses
- initiate targeted efforts to better support veterans and farmers and farm families undergoing land tenure issues.

The next farm bill should codify the position of beginning farmer and rancher coordinator and expand these efforts nationally to ensure that each state has a designated coordinator at the state office of FSA, RD, NRCS, or RMA to coordinate technical assistance and develop statewide plans to help small and beginning farmers gain access to USDA programs.

The coordinator should be knowledgeable of programs across agency lines – so regardless of whether they are FSA, RMA, NRCS, or RD employees, they should be informed about what programs and assistance is available to small and beginning farmers from USDA as a whole. Small and beginning farmer and rancher coordinators should also work in coordination with existing state-level socially disadvantaged farmer and rancher outreach coordinators.

B. ADVANCING LAND STEWARDSHIP: COMPREHENSIVE CONSERVATION TITLE REFORM

The benefits of on-farm conservation programs are widespread – they help farmers and ranchers keep drinking water clean for our urban and rural communities, build soil resilience and limit the impacts of severe drought and flooding, provide healthy habitats for wildlife, and support farm operations that are productive and sustainable long-term.

For decades, voluntary conservation programs offered by USDA's Natural Resources Conservation Service (NRCS) have helped to produce lasting results for farmers and the public, but today many farmers find it increasingly difficult to access this support. Funding shortages, insufficient emphasis on high-impact practices, and a lack of program coordination keep tens of thousands of farmers from achieving their resource conservation goals every year.

Conservation is a win-win investment that protects and enhances our shared natural resources and bolsters farmers' bottom line. We must ensure that federal policies incentivize, encourage, and reward stewardship efforts, and that federal programs like the Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), and Agricultural Conservation Easement Program (ACEP) are funded to meet farmers' needs for conservation assistance. The next farm bill must also seek to improve the effectiveness and accessibility of conservation programs and provisions.

1. COMPREHENSIVE CONSERVATION PLANNING

Conservation planning is an essential component of protecting our nation's natural resources, and is directly linked to the implementation of NRCS conservation activities and programs on agricultural land. It allows the farmer or rancher to identify opportunities for conserving the resources under their care, and helps them map out how they will achieve their goals. In many cases, standard conservation plans will simply present a single practice to solve a single problem; a farmer, for example, may come into a NRCS office seeking help with fencing to keep cattle out of a stream. In this scenario, there may be little to no discussion about addressing the relevant resource concern (in this example, water quality) beyond this single practice, let alone a discussion about other key resource concerns on that farm. A comprehensive conservation plan, in contrast, maps out the management activities to be implemented, maintained, or improved to support the producer in meeting stewardship objectives for all resources of concern.

The next farm bill should define Comprehensive Conservation Planning as a plan that:

- **Identifies resources of concern, inventories resources, and establishes benchmark data and stewardship objectives;**
- **Formulates and evaluates alternative approaches to meeting stewardship objectives for all resources of concern;**
- **Selects among the alternatives and details the particular conservation systems, practices, activities, and management measures to be implemented, maintained, or improved that will enable the producer to meet stewardship objectives for all resources of concern;**
- **Contains a schedule for planning, installing, maintaining, improving, and managing the selected conservation systems, practices, activities, and management measures; and**

- **Contains a description and schedule for on-farm activities to assess and evaluate the conservation systems, practices, activities, and management measures described in the comprehensive conservation plan.**

Ongoing resource stewardship, through a comprehensive conservation plan, is a core component of agricultural production and land management. Ensuring this definition is included in statute is necessary in order to provide clear direction and incentive for producers who work with NRCS on a comprehensive conservation plan as part of their overall management activities.

As described in detail later in this section, comprehensive conservation planning can and must play a critical role within the Conservation Stewardship Program (CSP), the Conservation Reserve Program (CRP), and the Agricultural Conservation Easement Program (ACEP). The inclusion of this definition is an important step towards giving whole farm, total resource management planning a more prominent role, which in doing so would increase the effectiveness and cost efficiency of farm bill conservation programs. Rather than viewing comprehensive conservation planning as a luxury that we cannot afford, it should be put back into the driver's seat and used to streamline our approach to conservation program implementation.

2. CONSERVATION TITLE GOALS, OBJECTIVES, INDICATORS, OUTCOMES

USDA is currently unable to describe the conservation outcomes of Natural Resources Conservation Service (NRCS) conservation programs. While they report on the number of acres enrolled, contracts signed, and dollars obligated, they cannot provide, for example, an assessment of how much nitrogen or phosphorus is being kept out of waterways by Environmental Quality Incentives Program (EQIP), or what kind of impact Conservation Stewardship Program (CSP) is having on wildlife. Not only do taxpayers deserve this information, but it will also ensure that NRCS will be able to improve programs to better target natural resource goals and objectives.

a. Data Collection

In order to ensure NRCS has the data necessary to evaluate and improve upon conservation program outcomes, the next farm bill should require, on an iterative basis, identification and publication of natural resource objectives and anticipated conservation outcomes for NRCS conservation programs.

Congress should authorize the establishment of baselines and measurable indicators to track changes in status and condition of natural resources. This will require measurement and evaluation in order to assess progress toward identified objectives and gather information useful for driving program implementation and funding in accordance with desired outcomes. In order to ensure alignment with USDA's existing structure for assessment and planning regarding conservation, protection, and enhancement of natural resources, the data collection and measurement should happen in coordination with the Soil and Water Resources Conservation Act (RCA) process, through which USDA assesses the status and trends of soil, water, and related resources on non-Federal land.

3. MEASUREMENT, EVALUATION, REPORTING, AND EDUCATION

Ensuring that USDA can measure and report on the impact of conservation programs is essential to making programs defensible, improving them over time, and generating real benefits in terms of conservation. Unfortunately, USDA currently lacks the resources, tools, and structure to measure and report on conservation program outcomes. While USDA has already taken important steps to assess conservation at the national, regional, and landscape level through the Conservation Effects Assessment Project (CEAP), the findings generated by CEAP cannot be linked to any particular USDA program. A statutory requirement for measuring, evaluating, and reporting on program outcomes will ensure that this work continues and that the results are linked to specific programs.

a. Measurement, Evaluation, and Reporting

Authorize CEAP and require USDA, in coordination with external experts, to develop a Measurement, Evaluation, and Reporting (MER) system within three years of the passage of the next farm bill.

The MER system should include comprehensive and integrated national and regional assessment system, a schedule for implementation, a budget for Commodity Credit Corporation (CCC) funds, and a plan for coordinating with national conservation program under the RCA.

While USDA does operate CEAP to quantify the environmental effects of conservation and develop the science base for managing the agricultural landscape for environmental quality, CEAP lacks the direct link between assessment and conservation programs. Without this linkage, there is not way to assess the conservation impacts of particular USDA programs.

b. Funding for MER

Designate that a fraction of a percent of all Title II mandatory funding be set aside for MER.

Mandatory farm bill funding for evaluation of farm bill conservation programs is essential to ensuring their long-term success. The MER program should be funded as a small percentage of total spending for each farm bill conservation program provided through the CCC in much the same manner as current technical assistance funding. NRCS should deliver the funded activities, and should also have the authority to do the work through cooperative agreements and competitive grants to federal and state agencies, universities and colleges, non-governmental organizations, and producer groups.

c. Key Partnerships for MER

Ensure MER includes collaboration with outside partners through cooperative agreements, and reflects stakeholder priorities through a diverse advisory board of agencies, universities, NGOs, and farmers.

The next farm bill should allow for cooperative agreements with federal, state, and local agencies, universities and colleges, nongovernmental organizations, farmers' groups and other qualified individuals. This will ensure NRCS has the tools and resources to appropriately research and evaluate the impact of conservation programs. Additionally, in order to ensure a well-rounded representation of individuals and interests at the table, the MER should include an advisory board, with representatives from agencies, universities, NGOs, and farmers.

d. Accountability, Confidentiality, and Compensation

Require USDA to submit biennial reports to Congress regarding MER progress, and ensure that participating producers are protected in terms of confidentiality and compensation.

The report to Congress should provide a description of conservation outcome objectives that are quantitative, measureable, and time-bound, the approaches used for measurement, as well as a measurement of progress made towards achieving conservation outcomes for each program.

Additionally, in order to protect producers participating in MER, data and results from the assessment and evaluation system shall only be publicly and electronically available in a way that protects the confidentiality of participants in conservation programs. Furthermore, participating producers will be compensated with MER funds in a way that is fair and equitable for their time and participation.

e. Education Assistance

Restore educational assistance to the farm bill conservation programs and designate a fraction of a percent of all Title II funding to be set aside for this purpose.

In carrying out education and outreach activities, USDA should contract with outside groups – including networks of agricultural producers, NGOs, community-based organizations, educational institutions, local conservation districts, and others with demonstrated expertise in providing education, outreach, and related services to farmers and ranchers, including beginning, socially disadvantaged, and limited resource farmers and ranchers.

Funding for educational assistance would increase awareness of program opportunities, enhance producer knowledge, and provide training and decision support aids for sustainable system-based approaches to conservation. Restoring educational assistance would also help foster landscape level and watershed and regional cooperative ventures, as well as help assess the environmental performance of such joint ventures.

Education and outreach activities should be designed to increase awareness among farmers and ranchers of the opportunities provided by NRCS conservation programs, enhance producers' knowledge of conservation and environmental issues in their communities and the benefits of conservation activities including enhanced resilience of farming operations, improve understanding of conservation activities and systems pertinent to their farming or ranching operations, and provide information relevant to participating in and learning from conservation measurement and evaluation activities.

4. CONSERVATION COMPLIANCE

The Food Security Act of 1985, widely considered the first environmentally focused Farm Bill, created a set of basic conservation requirements known collectively as "conservation compliance." These provisions outline minimum conservation requirements with which all producers receiving commodity, crop insurance and other subsidies, farm loans, and conservation program payments must comply in order to retain their eligibility for such programs. Fundamentally, conservation compliance is rooted in the principle that taxpayers should receive basic soil health, water quality, and wildlife benefits in return for federal agriculture subsidies. Conservation compliance specifically focuses on reducing soil erosion and wetland conversion on agricultural landscapes.

The 1985 Act requires that any farmer that produces an annually tilled crop on highly erodible land (HEL) must implement a USDA-approved conservation plan for that land. Covered farmers work with NRCS to develop and implement such a plan. NRCS also conducts spot checks to ensure that farmers are in compliance.

To measure and limit soil erosion, USDA uses a metric known as "soil loss tolerance," also known as "T," which represents the maximum annual rate of soil erosion that could occur without causing a decline in long-term productivity. For HEL that was cropped prior to December 23, 1985, and had a conservation plan applied prior to July 3, 1996, USDA considers the land to be in compliance so long as the initial conservation plan is maintained. On land that was cropped prior to December 23, 1985, but did not have a conservation plan approved until after July 3, 1996, farmers must limit erosion to not more than two times the soil loss tolerance.

a. Transparency

The next farm bill should mandate collection and reporting of aggregated data on wetland determinations, flood damage surveys, acres in compliance and out of compliance, benefits withheld, and HEL determinations, at the county level with adequate protection for producer anonymity.

To improve transparency and ensure that taxpayer dollars are being well-spent, USDA should collect, aggregate, and publish conservation compliance data. Without data, the public has no way of knowing whether conservation compliance is working and how it might need to be improved. As outlined below, a dedicated mandatory stream of funding is needed in order to ensure USDA has the tools and resources it needs to implement, enforce, and report on the impact of conservation compliance.

b. Highly Erodible Land

Establish a secure, dedicated, mandatory funding stream through the CCC and/or Federal Crop Insurance Corporation (FCIC) for enforcement of HEL and wetland conservation compliance; require NRCS to conduct spot checks on 5 percent of farms in each state.

The current five percent spot check rate for conservation compliance maintained by NRCS is a national average. As a result, compliance spot checks are not occurring uniformly across states. For example, USDA's Office of Inspector General (OIG) found that some states, including states with a historically large number of tracts subject to compliance reviews, did not conduct any spot checks in 2015.[2] These gaps reduce transparency and accountability and have no doubt resulted in soil and wetland loss that could have been prevented. In order to make enforcement more uniform and accountable, the next farm bill should require NRCS to conduct spot checks on five percent of farmers in each state. A dedicated, mandatory funding stream for compliance implementation and enforcement would ensure that NRCS has the resources necessary to effectively fulfill its obligations.

Require that Highly Erodible Land Conservation Plans be designed to achieve a level of erosion not greater than the soil loss tolerance level (T), and allow for a five-year interval for full implementation for plans to achieve the tolerance level.

USDA defines T as "the maximum rate of annual soil loss that will permit crop productivity to be sustained economically and indefinitely on a given soil." In other words, if soil on a farm field is eroding at a rate that exceeds T, then at some point that field will no longer be farmable. Yet, farms that were first cropped before 1986 are only required to limit soil erosion to twice the soil loss tolerance (2T). Farming is not sustainable at 2T. In order to preserve water quality and ensure that soil is retained for the next generation of farmers, the 2018 farm bill should require that HEL conservation plans be written to achieve a level of erosion not greater than the soil loss tolerance. Farmers should be given five years to implement the new requirement.

2 USDA Office of Inspector General, Monitoring of Highly Erodible Land and Wetland Conservation Violations - Interim Report. Page 5. https://www.usda.gov/oig/webdocs/50601-0005-31.pdf

Require that all Highly Erodible Land Conservation Plans be designed or revised to effectively treat all gullies, effective immediately.

In 2016, USDA's OIG found that NRCS has failed to bring gully erosion, which accounts for upwards of 40 percent of soil loss in America, within the scope of HEL conservation compliance. According to OIG, inadequate and inconsistent guidance on ephemeral gullies has caused inadequate and inconsistent HEL determinations and misinterpretations of compliance rules. USDA took steps to address this problem in January of 2017 by eliminating state-level variations in guidelines on how to identify and treat gullies, and by requiring NRCS to work with farmers to revise their HEL conservation plans to treat any identified ephemeral gullies. To ensure that the conservation compliance system addresses the most significant causes of erosion, the next farm bill should codify the recent actions taken by NRCS to identify and treat gullies.

5. AGRICULTURAL CONSERVATION EASEMENT PROGRAM

The Agricultural Conservation Easement Program (ACEP) was created in the 2014 Farm Bill and replaced three repealed programs: the Farm and Ranchland Protection Program, Grassland Reserve Program, and Wetlands Reserve Program. Administered by the Natural Resources Conservation Service (NRCS), ACEP is divided into two tracks: a wetland easement component, which largely mirrors the former Wetlands Reserve Program (WRP), and an agricultural land easement component, which largely retains the purposes and functions of the former Grassland Reserve Program (GRP) and Farm and Ranch Lands Protection Program (FRPP). Easements play a critical role in climate change mitigation and adaptation, by protecting and improving agricultural land, as well as protecting grasslands and wetlands, which contributes significantly to carbon sequestration and storage.

a. Ensuring a Focus on Natural Resource Conservation

Require comprehensive conservation plans for Agricultural Land Easements (ALE), including for lands that are neither Highly Erodible Lands (HEL) nor grasslands.

ACEP-ALE must operate as both an agricultural land protection program and a natural resource conservation program, in equal measure. Natural Resources Conservation Service (NRCS) can use the conservation planning process to ensure that this happens. Robust conservation planning helps farmers and ranchers advance natural resource conservation goals and objectives systematically and effectively. It also helps ensure that farm bill program dollars are being put to good use. Yet, while the 2014 Farm Bill requires easements on HEL, forestland, and grasslands to have HEL plans, forestland plans and grassland plans, respectively, for all other ALE agreements, it requires far less in the way of addressing natural resource conservation.

The national ranking criteria for ALE include little regarding natural resource conservation, instead focusing on other important considerations, such as the threat of conversion to development. The state ranking criteria include several environmentally oriented criteria; however, these are optional. Current regulatory materials by NRCS are unclear at best as to whether an ALE plan for non-HEL cropland needs to include a robust natural resource conservation plan. The next farm bill should address this by requiring all ALE plans to describe the conservation practices and resource management activities that will be undertaken to treat all identified resource concerns. The explanatory notes accompanying the final farm bill conference report should note that working lands conservation programs (EQIP and CSP) can offer critical support and assistance to ensure that landowners are able to address the priority natural resource concerns identified in the comprehensive conservation plan.

Limit allowable impervious surface area for ALE.

Between 2003 and 2011, under the Farm and Ranchland Protection Program (FRPP), the predecessor to ALE, USDA allowed easements to contain "impervious surfaces, which includes residential buildings, agricultural buildings (with and without flooring), and paved areas, both within and outside the conservation easement's building envelope(s)" not to exceed 2 percent of the total easement acreage.

In 2011, the program rules allowed State Conservationists to waive the 2 percent impervious surface limitation, up to 10 percent rather than the 6 percent waiver limit that had previously been in place. It also allowed eligible entities to develop and submit their own impervious surface waiver process for review by the State Conservationist. The 10 percent waiver is coupled with the full exemption of waste storage and treatment facilities from the impervious surface limitation. This waiver remained in place in the most recent ACEP final rule, and allows for a greater number of industrial confined animal feeding operations (CAFOs) enrolled in ACEP.

Given the limited availability of funding for this highly popular program, ACEP-ALE dollars should be used to protect farm and ranch land, not industrial CAFOs, which are highly detrimental to air, land, and water. As such, the next farm bill should authorize NRCS to grant a waiver: (1) on a general basis, for up to five percent of the easement area, or (2) for farms of 25 acres or less, up to 10 percent of the easement area. Waste storage and treatment facilities should count toward the limit, regardless of whether NRCS provides cost share for such practices on the easement.

b. Program Funding

Increase funding for ACEP to $500 million per year.

The 2014 Farm Bill severely cut funding for conservation easements. Under the 2008 Farm Bill, annual outlays for WRP often exceeded $500 million, whereas under the 2014 Farm Bill, annual spending on ACEP wetland easements has not exceeded $200 million. Beginning in fiscal year 2018, funding for ACEP will once again drop precipitously, from $500 million per year to $250 million per year. Even at $500 million, demand for the program is so high that NRCS can only fund one quarter of the easement applications that it receives. This problem is particularly severe for wetland easements, which tend to be more costly and require more active restoration than other types of easements. Given the value and proven benefits of the program, the next farm bill should provide permanent baseline funding of $500 million per year.

c. Beginning Farmers and Ranchers

For beginning farmer provisions, see Section B - Increasing Farming Opportunity: Beginning Farmers and Ranchers.

6. CONSERVATION RESERVE PROGRAM

The Conservation Reserve Program (CRP) is the largest federal agricultural conservation program by dollars, paying landowners to retire roughly 24 million acres of farmland from production for 10-15 years at a time.

CRP has several components, including: (1) a general sign-up aimed at enrolling large blocks of land, including whole fields and farms, (2) a continuous sign-up, also known as CCRP, which targets the enrollment of acreage to establish specific high priority conservation practices, including conservation buffer strips, which do not require the setting aside of whole farms or fields to deliver important environmental benefits, (3) a working grasslands component, which was first authorized in the 2014 Farm Bill, and which is limited to 2 million acres, and (4) the CRP Transition Incentives Program (TIP), which incentivizes the transfer of expiring CRP land from retiring landowners to beginning or socially disadvantaged farmers and ranchers who will use sustainable grazing practices, resource-conserving cropping systems, or transition to organic production.

Demand for CRP is cyclical. When commodity prices are low, demand for CRP is high; and when commodity prices are high, demand for CRP plummets. As a result of sustained low commodity prices, demand for CRP has been high in over the last two years, and USDA has reached its 24 million acre cap for the program. CRP is the most expensive of the conservation programs on a per acre basis; therefore any attempt to raise the acreage cap will have to also figure out how to reconcile a significant price tag. The next farm bill should aim to create space for new acres under the cap while improving program performance and making the overall program more cost effective.

a. Ensuring Long-Term Conservation Benefits

Authorize permanent CRP easements for land that has been enrolled in CRP at least twice, land that exceeds an erodibility index of greater than 15, and riparian areas that participants wish to maintain in buffers in perpetuity.

Farm Service Agency (FSA) should be given the authority to administer permanent CRP easements for the most marginal land that is not suitable for farming and for land that could and should be permanently enrolled in critical conservation buffer practices. CRP lands with an erosion rate in excess of 15 tons per acre per year are likely not suitable for cropping and should be kept in continuous cover to protect water quality and other resources. Relative to repeatedly enrolling the same acres in 10-15 year contracts, permanent CRP/CCRP easements would save money in the long-term by ensuring that taxpayers are not paying for the same contracts over and over again. Paying repeated contract payments for the same land makes it far more expensive than putting an easement on the land. In the case of an easement, the farmer still receives a payment for the difference between the value of the land with and without the easement. It would also ensure that taxpayer supported conservation benefits are retained in perpetuity. This is especially critical for long-term carbon sequestration. One approach Congress might consider would be removing such permanently protected land from the acreage cap, thus freeing up space under the cap for new enrollments.

b. Continuous Enrollment

Extend incentive payments to all continuous practices.

Incentivizing continuous practices can ensure that the most sustainable practices are being encourage and utilized by farmers. These practices can help make the program more effective in terms of land conservation. For example, the program does not provide incentive payments for contour grass strips that are proven methods to reduce soil erosion and, in certain cases, reduce the impact of runoff on land.

Reserve at least 40 percent of acres each year, and in total, for CCRP and the Conservation Reserve Enhancement Program (CREP).

Given that funding for conservation programs is limited and demand remains high, the next farm bill should give greater attention to partial-field enrollments through CCRP and CREP, which keep land in production while delivering the greatest conservation and environmental bang for the buck. Currently, the cap for CRP acreage enrollment is 24 million acres per year. Reserving at least 40 percent of total CRP acreage for continuous enrollments would ensure that the most environmentally sensitive lands and most effective conservation practices are prioritized.

c. Grazing Lands

Eliminate payment reduction for incidental grazing of buffers.

Putting in riparian buffer, filter or contour strips enhances the quality of farmland and the surrounding environment in a variety of ways. However, current statute discourages these practices by penalizing farmers for incidental grazing of buffers, whereby livestock may occasionally wander over to a buffer while grazing a neighboring pasture. Farmers with mixed grain and livestock operations often set animals out on crop fields after the grain has been harvested. Those farmers looking to install a contour grass strip or other buffer practice on or adjacent to a field may choose not to do so if they are going to have their rental payment reduced by 25 percent or more if any incidental grazing occurs. Moreover, from a resource perspective, fall grazing is unlikely to cause any appreciable harm, and may in fact improve the condition of the resource if well managed. This modification would not encourage or incentive grazing directly on the buffer, but rather it would incentivize further buffer adoption by assuring participants that they would not face a penalty if livestock grazing on a pasture accidentally wandered over to the neighboring buffer.

For grassland enrollments, prioritize land operating under an approved comprehensive conservation plan, as well as land using managed rotational grazing; provide a supplemental payment to support management-intensive rotational grazing.

The 2014 Farm Bill provides no direction on whether and how grazing through CRP grasslands should be managed to enhance the grassland resource. As a result, taxpayers may be footing the bill for operations that are degrading the land with poorly managed grazing systems. The next farm bill should fill this gap by establishing a priority for CRP grassland applicants who agree to implement managed rotational grazing as part of their contract. According to NRCS, "planning to a Resource Management System (RMS) level is necessary to provide a minimum level of resource protection and to insure sustainability of the resource base." Comprehensive conservation planning allows producers to consider a range of options for addressing multiple resource concerns over time, and would ensure that best practices are being used on grassland enrollments.

d. CRP Transition Incentives Program

See Section B - Increasing Farming Opportunity: Beginning Farmers and Ranchers for additional details.

7. WORKING LANDS CONSERVATION PROGRAMS - GENERAL PROVISIONS

Working lands conservation programs provide the tools with which farmers, ranchers, foresters, and landowners can keep their land in agricultural production, while providing healthy soils, clean water, habitat for native wildlife, renewable energy sources, and other conservation benefits. The farm bill's two largest conservation programs are the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP). Funding and strengthening CSP and EQIP will ensure that producers are supported and rewarded for their conservation practices, and the next farm bill presents a critical opportunity to improve coordination between these two programs.

a. Graduation Process between EQIP Management Activities and CSP

Establish a graduation process for the Natural Resources Conservation Service (NRCS) to encourage participants to move from the management component of EQIP to CSP, after meeting the stewardship threshold for two resource concerns.

While program participants are often encouraged to utilize EQIP cost-share assistance to adopt practices that would take their stewardship to higher levels to eventually qualify them for comprehensive conservation assistance through CSP, there is no formalized process to facilitate this graduation and coordination between programs. NRCS has taken an important step by directly linking EQIP conservation practices to CSP enhancements through the recent CSP "reinvention," which sets the stage for a more formalized linkage between EQIP management practices and CSP.

EQIP management practices are those that require active management of the land (tillage, cropping systems, grazing systems, etc.), and provide critical support for farmers to increase the degree to which they are addressing resource concerns on their land in agricultural production. EQIP was never intended to provide repeated cost-share assistance for the same practices over and over again, and a clearly defined graduation process between EQIP management practices and CSP would instead support targeted financial assistance in such a way as to encourage participants to continue to go above and beyond in their stewardship efforts.

In order to facilitate this graduation process and provide a clear linkage between cost share for EQIP management activities and comprehensive conservation through CSP, the farm bill should reorganize EQIP into two different components (Management and Development). The management component would include all practices that require active management of the land, as described above, as well as vegetative practices (e.g. perennial buffers, forages, tree and shrub plantings, etc.) while the development component would support structural practices (e.g. waste storage lagoons; irrigation equipment) through a one-time cost-share payment. This proposal is further explained under EQIP below.

b. Coordinated Payment Limits

Establish a combined payment limit for EQIP Management and CSP at $40,000 per year and $200,000 over five years. Additionally, limit combined funding for EQIP Management, EQIP Development, and CSP to $450,000 over five years.

The 2014 Farm Bill limited CSP contracts to $40,000 per fiscal year and $200,000 from fiscal year 2014 through 2018. However, the final rule continued to allow for the doubling of the statutory limit for joint operations. The farm bill did not authorize this doubling, but given the fact that it has not been addressed through additional rulemakings, the next farm bill should explicitly prohibit the doubling of the statutory payment limit.

As has been revealed in great detail over decades of Title I payment limitation abuse, joint operations, including general partnerships, joint ventures, or other similar business entities, are often established to evade payment limitations. Thus, when NRCS doubled the regulatory five-year contract limit to $400,000 for joint operations, it predictably led to applicants restructuring their operations to qualify for the higher contract payment limit. While we appreciated the prohibition against business restructuring during the life of a CSP contract to qualify for the higher $400,000 cap, this in no way prevents general partnerships for qualifying for the double payment from the beginning of their participation in the program.

Between 2010 and 2014, nearly 1,000 CSP contracts were awarded the highest possible payment for joint operations ($80,000 per year / $400,000 over five years), which amounts to $400 million in conservation assistance, half of which ($200 million) could have otherwise been awarded to eligible farmers and ranchers who NRCS was unable to accept into the program. In addition to these contract holders who received the maximum joint operation payment, there are more than 1,300 additional contract holders who received well above the $40,000 annual payment limit.

While we recognize that some of these contracts were awarded to tribes, who are not subject to the payment limit, these tribal contracts are a small percentage of total contracts over the $40,000 payment limit. When nearly three-quarters of eligible applicants are being turned away from the program due to insufficient funding, it is inexcusable to provide the double contract payment for joint operations. Given that NRCS received over 100 comments on the joint operations payment limit (nearly half of all comments submitted on the Interim Final Rule), it was disappointing that the Agency failed to close this loophole, or provide an opportunity for additional comment and revision. The next farm bill presents a critical opportunity to close this payment limit loophole for joint operations and ensure that CSP has sufficient funding to support as many qualified conservationists as possible.

c. Beginning, Socially Disadvantaged, and Limited Resource Farmers and Ranchers

Increase funding set-aside for Beginning Farmers and Ranchers (BFRs) from five to 15 percent and Socially Disadvantaged and Limited Resource (SDA/LR) set-aside from five to 15 percent. Add a priority on BFR, SDA, LR, and veteran projects within Conservation Innovation Grants.

The 2008 Farm Bill included special participation incentives and improved access for beginning and socially disadvantaged farmers and ranchers within both EQIP and CSP, including set-asides and increased cost-share rates. The current statutory set-asides have not been adjusted since they were first established, whereas BFR and SDA participation has significantly increased. While the set-asides have been successful in promoting increased participation, they are long-overdue for adjustments. The current BFR set-aside is five percent for both CSP and EQIP, and should be increased to more accurately reflect BFR program usage and to serve as an effective target participation rate, rather than a floor, in order to ensure BFRs have equal access to conservation programs.

Likewise, socially disadvantaged farmers are exceeding the five percent set-aside as well, and as of 2016, roughly 10 percent of EQIP and CSP contracts went to socially disadvantaged farmers. Both BFR and SDA/LR farmers are less likely to have the resources to invest in conservation on their farms, and EQIP and CSP set-asides should be sufficient to increase the participation of both of these populations.

d. Organic Initiative

Expand the existing Organic Initiative within EQIP to CSP, to include the same payment limit as the coordinated programs as well as a state allocation formula based on organic data and participation rates.

Certified and transitioning to organic farmers and ranchers have unique conservation needs, and working lands conservation programs can and should provide assistance that is tailored to their production systems. Transitioning to organic production can provide numerous environmental benefits – improved soil quality through reduced erosion, increased organic matter, and reduced concentrations of plant nutrients, especially nitrogen; reduced energy consumption due to the use of inputs with lower energy embodiment; wildlife habitat protection and reduced impact on water quality. Organic Transition reduces the impact of the farming operation on water quality by managing nutrients, pests, weeds, and diseases through biological, mechanical, and cultural practices, and transition activities should be better coordinated with both CSP and EQIP.

The EQIP Organic Initiative was established in the 2008 Farm Bill to assist organic and transitioning farmers in addressing resource concerns and the implementation of conservation practices. Despite continued growth of the organic sector and increasing demand for organic production, total enrollment in the Organic Initiative has continued to decline since 2009. Several factors have contributed to the underutilization of conservation support for organic and transitioning producers, including the significantly lower payment limit within the initiative, the elimination of state allocations of designated organic funds, and a lack of clarity with regard to the connection between transition support, an Organic System Plan (OSP), and the Conservation Activity Plan Supporting Organic Transition (CAP 138). A designated allocation within both EQIP and CSP, including the same payment limit as the overall programs, and determined by organic data and participation rates, would provide much needed support for the transition process and/or organic-specific conservation.

e. Wildlife Habitat

Increase the floor for EQIP funding dedicated to wildlife habitat from 5 percent to 10 percent, and establish a 10 percent floor for CSP enhancements dedicated to wildlife habitat.

The 2014 Farm Bill consolidated the Wildlife Habitat Incentives Program (WHIP) into EQIP, and set a requirement that at least five percent of program funds go toward practices for wildlife habitat conservation. The adoption rates for wildlife beneficial practices continues to exceed the five percent level within EQIP. Additionally, wildlife beneficial practices, such as field borders, hedgerows, riparian buffers, stream habitat improvement, conservation cover, and more, bring a wide array of co-benefits, including improved soil health and water quality.

f. Soil Health Investment Initiative

Establish a coordinated soil health initiative in EQIP and CSP with allocated funding and identified conservation activities.

Within EQIP and CSP, NRCS should target funding for a Soil Health Investment Initiative, to recognize and elevate the critical role that soil health enhancement activities can and must play in helping producers to meet the growing challenges of climate change and to contribute to its mitigation. Last year, NRCS took important steps forward by establishing a one-time climate change initiative. Congress should build on this effort by directing USDA to establish a dedicated ranking pool and allocation of EQIP and CSP funds for a Soil Health Investment Initiative, designed to build the long-term sustainability and resilience of U.S. agriculture, with an emphasis on climate change adaptation and mitigation.

NRCS working lands conservation programs provide critical opportunities to utilize voluntary, incentive based agricultural conservation activities to reduce greenhouse gas emissions, increase carbon sequestration, manage nutrients, protect sensitive lands, and improve soil health. The proposed Soil Health Investment Initiative would help focus and integrate these activities to optimize their efficacy in building agricultural resilience, equipping farmers and ranchers with the tools, resources, and systems they need to absorb and recover from weather extremes and other shocks and stresses to their agricultural production and livelihoods. The Soil Health Initiative should provide opportunities to incentivize a combination of management practices, as opposed to single practice adoption, that improve soil organic matter content, nitrogen cycling, water holding capacity of soils, and resilience to weather extremes.

g. Actively Engaged Rules

Ensure Actively Engaged Rules apply to working lands conservation programs.

FSA "actively engaged in farming" rules do not apply to farm bill conservation programs. The actively engaged rules allow crop share landlords and tenants to participate in USDA programs, but reduce the ability of absentee investors to benefit. The rule also reduces the opportunity to create "paper" farms whose only purpose is to enable the beneficiary to collect payments in excess of the limit through well-established payment limit avoidance devices that direct attribution does not capture.

8. CONSERVATION STEWARDSHIP PROGRAM

The Conservation Stewardship Program (CSP) provides comprehensive conservation assistance for farmers and ranchers who enroll their entire operations to achieve higher levels of stewardship through continued improvements. CSP offers farmers the opportunity to earn payments for actively managing, maintaining, and expanding conservation activities like cover crops, rotational grazing, buffer strips, and conservation crop rotations. CSP covers more acres than any other conservation program, and over the past few years NRCS made revisions to the program's payments, ranking process, and available conservation activities in order to streamline the program and make it more user friendly. The next farm bill presents an opportunity to build upon and expand the changes that NRCS made, including strengthened coordination between CSP and the management component of the Environmental Quality Incentives Program (EQIP).

a. Comprehensive Conservation Planning

Explicitly authorize financial assistance and technical assistance for the development of comprehensive conservation plans.

NRCS should provide financial and technical assistance to support comprehensive conservation planning, which is fundamental to reaching higher levels of stewardship. Comprehensive conservation planning is designed to meet a resource management system (RMS) level of management, which includes the combination of practices and management activities for the treatment of all identified resource concerns.

The 2014 Farm Bill retained the existing definition of "conservation activity" as including "planning needed to address a priority resource concern." Moreover, the Managers' Statement further clarified that conservation activity "has an inclusive plain language meaning to encompass, for example, conservation planning," and that "in developing a conservation plan, a producer incurs significant costs in time, labor, management, and foregone income." While this important clarification authorized NRCS to provide financial and technical assistance for producers who want to undertake comprehensive conservation planning as part of their overall CSP contract, during the life of the 2014 Farm Bill, NRCS has failed to implement that option.

Given the incredibly important role planning can play in helping a farmer select the best and most appropriate enhancements for their operation, thereby enhancing the conservation cost-effectiveness of individual contracts and CSP as a whole, the next farm bill should specify that comprehensive conservation planning is eligible for a supplemental payment through CSP.

As a comprehensive plan, it should cover at least all of the priority resource concerns for a given region, as well as any additional site-specific resource concerns or resource objectives of the producer. The number of resource concerns addressed in the comprehensive plan should be one factor determining the payment rate, in addition to the complexity of the farming operation, including the number of crop and livestock species and the number of farming operations. This means a more complex, smaller-acreage operation may warrant a higher payment than a simple, large-acreage operation. Following the structure, the planning payment rate should be on a sliding scale, with a minimum payment of $1,000 and a maximum of $3,000.

b. Stewardship Threshold

Expand the definition of stewardship threshold to clarify that thresholds should be set at the sustainable use (non degradation) levels.

CSP payments, eligibility, and ranking criteria all revolve around the degree to which the applicant/participant is addressing natural resource concerns. A "stewardship threshold" is set for each resource concern, in order to determine when each has been sufficiently addressed. The importance of stewardship thresholds to the program cannot be overstated. Under the 2014 Farm Bill, new applicants must meet a stewardship threshold for two priority resource concerns and must meet or exceed the threshold for a third resource concern by the end of the contract. Thresholds also are used in a majority of the six factors of the ranking formula for enrollment, and are one of the six statutory factors provided for figuring payment amounts. Given how much CSP relies on meeting resource concern thresholds for administering the program, the next farm bill should ensure that there is greater scientific underpinning or validation for the stewardship thresholds.

In order to ensure that CSP participants are generating higher-level conservation benefits, the next farm bill should raise the stewardship thresholds to a sustainable use (i.e., the non-degradation, or resource management system) level well above a generic "conserve and improve" design that lacks any rigor. Up until now, the resource concern thresholds themselves have not been validated, and were originally based on a very limited number of operations. In other words, a relatively modest bar was set to determine eligibility for the program. Strengthening the thresholds will ensure that CSP has high standards to encourage more conservation and recognize the best stewards of the land.

c. Contract Renewals

Authorize multiple contract renewals and modify the renewal eligibility requirements to ensure higher levels of stewardship by the end of the renewed contract period.

Currently CSP participants are eligible for one renewal of their initial five-year contract. While this provides an opportunity for continual improvement and incentive for ten years, the inability to renew beyond the second contract presents a major barrier for continued improvements and support for high-level stewardship. It is critical to provide the option for additional renewals in the next farm bill, as 2019 will be the first year contract holders who have already renewed once will be ineligible for a second renewal. This will help ensure that key conservation investments that were made as part of CSP will not be lost with the loss of incentive payments and support.

Additionally, the next farm bill should address the requirements for contract renewal to ensure farmers continue to go above and beyond when participating in CSP. Currently, renewing participants must agree to meet or exceed the stewardship threshold for at least two additional applicable priority resource concerns (on top of the two that they are already meeting or exceeding), or to exceed the stewardship threshold of the existing applicable resource concerns that they are already meeting by the end of the renewed contract period. This is both overly complicated and too weak. In order to streamline the renewal process and ensure continued improvement, participants should be required to meet or exceed all applicable priority resource concerns by the end of the first renewal period.

For additional renewals beyond the second five-year period, they would need to add additional activities (enhancements, practices, bundles), and address additional non-priority resource concerns, all while maintaining all the original priority resource concerns.

d. Contract Modifications

Provide appropriate flexibility if there is a lease transfer, and ensure that the original CSP contract holder is not forced to terminate and repay their entire contract for losing a piece of their land.

Unexpected shifts in agriculture are a fact of life, and so it is critical to ensure that CSP provides appropriate flexibility if a contract holder loses a piece of land that was originally included in their contract. Given that CSP payments are determined by and reflect all the land that is included as part of an operation, it is reasonable that contract plans and payments should be modified to reflect any loss of land mid-contract. Such a modification in and of itself is appropriate for reflecting the changes to land that is part of the operation, and there should not be a need for any penalties to the contract holder. The next farm bill should clarify that if there is a lease transfer and the following lessee is ineligible or does not want to continue the CSP contract on that particular piece of land, the original contract holder is not forced to terminate and repay their entire contract.

e. Average Payment Rate

Increase the average payment rate to $23 per acre, in order to ensure payment structure can properly support and incentivize higher levels of stewardship.

Currently the average payment rate for CSP contracts is $18 per acre. This rate fails to recognize the true benefits and investment of CSP contracts. Additionally, in order to ensure that they do not exceed the statutory limit, NRCS limits CSP payments – even payments below the existing $18 per acre average. As a result, in some cases the payment by USDA to implement conservation activities is less than half of the cost and income forgone by the producer to implement the practice. The next farm bill should increase the national average CSP payment of $18 per acre to $23 per acre to enable the program to support higher cost conservation activities with greater environmental payoffs. The increase in the per-acre average should be achieved while maintaining the authorized level of 10 million new CSP acres per year.

f. Minimum Payment Rate

Include in statute a minimum payment limit of at least $1,500 for all eligible CSP participants.

CSP payments are partially determined by multiplying payment rates by the number of acres. Therefore, small acreage farms lack the acreage to make CSP participation to pay off, even if they are doing management intensive and advanced conservation on those acres. The cost of implementing most conservation activities, however, is not linear to the number of acres farmed. For the amount of time the application and contracting process takes, payments below $1,500 offer little incentive to participate, especially given the often higher per acre costs of implementation. This is particularly problemmatic for more labor and management-intensive crops.

In a major step forward, the CSP final rule expanded the minimum annual payment of $1,500 to all eligible participants (previously, only historically underserved producers were eligible). This expansion encourages participation by small acreage farms, which can create the opportunity for significant environmental benefits when large numbers of smaller operations enroll. At present, however, the minimum payment is not included in statute but only in the regulations. The next farm bill should establish a basic minimum contract payment of at least $1,500 per year for all first-time and renewing contracts.

g. Priority Resource Concerns

Modify the requirements around priority resource concern selection to ensure that states select between three and six priority resource concerns for each ranking pool or specific region of watershed.

CSP should ensure conservation activities and benefits are targeted to the needs and concerns of particular states or watersheds. Given that priority resource concerns are a key tool for targeting conservation dollars to where they are most needed, it is critical to ensure that states do not select so many different resource concerns that it would detract from the notion of selecting "priority" conccerns. The 2014 Farm Bill directs states to select at least five priority resource concerns; since then all states have selected exactly five resource concerns for each ranking pool. In order to ensure that states do not select too many of the nine available resource concerns and negate the impacts of targeting CSP dollars, Congress should authorize states to select more than three but less than six priority resource concerns for each ranking pool or specific region of a watershed.

h. Supplemental Payments

Authorize additional supplemental payments for management intensive rotational grazing similar to the Resource Conserving Crop Rotation (RCCR) supplemental payment. Ensure all supplemental payments truly incentivize adoption and improvement of high-level practices through payment rates that appropriately reward the advanced level of stewardship.

RCCRs are among the most effective systems for addressing resource concerns. In recognition of their significant benefits, Congress made the adoption of RCCRs eligible for supplemental payments in the 2008 Farm Bill and expanded this to include improved RCCRs in the 2014 Farm Bill. These crop rotations reduce soil erosion, improve soil health, increase carbon sequestration, interrupt pest cycles, protect soil moisture, and play a critical role in achieving higher levels of natural resource stewardship.

In order to meet the objectives that Congress set out to achieve through the creation of a supplemental payment, NRCS must ensure that the payment accurately reflects the value of RCCRs and the costs incurred by farmers to diversify their rotations with the additions of resource-conserving crops. Unfortunately, within the first year of revising CSP, NRCS inexplicably lowered and capped the payment for RCCRs to no more than $15 per acre. This payment level is significantly lower than many other conservation activities available through CSP and runs counter to the intent of Congress; it also does not accurately reflect the proven benefits of RCCRs. Congress should therefore modify the payment rate for RCCRs, and also explicitly identify carbon sequestration within the objectives of these rotations.

The soil health and multiple co-benefits of management intensive rotational grazing are also not adequately rewarded through CSP. Although Congress did not originally create a supplemental payment for this practice, Congress should authorize a supplemental payment to reward livestock producers for creating the same benefits as RCCRs.

For both supplemental payments, payments should be based on environmental benefits, foregone income, costs, and active management. Congress should also include in statute a minimum payment of $20 per acre for RCCRs and management-intensive rotational grazing.

i. Emphasis on Environmental Benefits

Modify how applications are ranked and scored, as well as how payments are determined, to retain a strengthened focus on environmental benefits and priority resource concerns.

CSP is intended to incentivize higher levels of stewardship. Congress should therefore direct NRCS to ensure the that new ranking and screening tools are updated as part of the reinvention in order to retain the focus on environmental benefits.

While the linkage between conservation practices in EQIP and enhancements in CSP is important to achieving increased stewardship and coordination, the next farm bill should work to protect CSP's identity as the only NRCS conservation program based on environmental benefits and performance.

As part of the of the CSP reinvention, NRCS has pushed the CSP ranking process and enhancement payments in a direction that simplifies the program to the point of downgrading the role of performance and benefits. This approach is similar to that of EQIP cost share payment determinations. In the next farm bill, Congress should direct NRCS to retain CSP's unique focus on performance by strengthening the utilization of environmental benefits for both the ranking process as well as payments for enhancements and bundles. This can be done through a tool similar to the one previously used for environmental benefits scores.

9. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program that provides farmers and ranchers with financial cost share assistance and technical assistance to implement conservation practices on working agricultural land. Conservation practices that are eligible for EQIP include structural, vegetative, and management practices (e.g., improving irrigation efficiency, restoring pasture, cover cropping, or nutrient and pest management). Payments for conservation improvements and activities include income forgone, as well as costs that are associated with planning, design, materials, equipment, installation, labor, management, maintenance, and training.

a. General Provisions

i. Management and Development Conservation Practices

In order to provide a clear linkage between cost share support (EQIP) and comprehensive conservation (CSP), split EQIP into Management and Development components.

Currently, nearly 200 different conservation practices are available through EQIP. However, this long list of practices lacks clear organization that distinguishes between the many options. This list of conservation practices also lacks an identified pathway to help direct participants on how the practices can help them move to the next level of stewardship. In order to organize the available conservation practices and help farmers advance from EQIP to CSP, the management component of EQIP should include all practices that require active management of the land (e.g., tillage, cropping systems), as well as vegetative practices. Vegetative planting practices (such as riparian buffers and other conservation and plantings) provide multiple stewardship benefits, including agricultural resilience and carbon sequestration and improved water quality, soil health, and wildlife habitat. Payments for structural practices should be supported through one-time cost-share payments available through the Development Component of EQIP.

ii. Livestock Set-Aside

Require NRCS to target the EQIP livestock set-aside funding toward grazing operations rather than concentrated animal feeding operations (CAFOs).

When Congress created EQIP in the 1996 Farm Bill, it carved out 60 percent of total program funding to go toward livestock operations. Alongside that carve out, it also included a prohibition on EQIP dollars going to large CAFOs. The 2002 Farm Bill continued the carve out, but it also removed the restrictions on providing assistance to large CAFOs to construct animal waste management facilities.

While there are many livestock operations that currenty utilize EQIP funding for critical conservation practices, an unfortunately a large percentage of funding from the program is used to help CAFOs pay for structural practices such as waste lagoons, animal mortality facilities, and waste treatment facilities. In some states, in order to ensure that the livestock funding target is met, there are CAFO-only ranking pools. These dedicated pools make the program less competitive for CAFOs.

The next farm bill should ensure that EQIP funding enhances cost efficiency and is allocated in a way that advances resource-conserving, rather than resource-depleting, systems. Without additional guidance on how the 60 percent set aside should be allocated, the agency will continue to skew funding toward CAFOs, which are inherently low in agricultural resilience and tend to have higher net greenhouse gas (GHG) emissions than pastured livestock systems. The farm bill should further direct USDA to ensure that, if states opt to operate a CAFO-only ranking pool, they must also establish a ranking pool for grazing practices and operations.

iii. Advance Payment Option

Modify the advance payment option for historically underserved farmers and ranchers participating in EQIP such that they automatically receive the advance payment option.

Beginning, socially disadvantaged, and limited resource farmers and ranchers often lack the funds needed to pay the up-front costs of conservation practices implemented through EQIP. While EQIP provides up to 90 percent cost share support for this group of producers, EQIP payments are generally received after the adoption of a practice in the form of a partial reimbursement. In order to address this disconnect, the 2008 Farm Bill added an “advance payment” option that enabled these EQIP participants to receive 30 percent of their payment in advance. The 2014 Farm Bill subsequently increased the advance payment provision to 50 percent of costs associated with planning, design, materials, equipment, labor, management, maintenance, or training.

Despite high demand for EQIP funding by beginning, socially disadvantaged, and limited resource farmers, the utilization of the advance payment rate has remained below five percent of total eligible participants – enrollment is particularly low amongst eligible beginning farmers and ranchers. Causes for the low enrollment rates are likely due to the fact that the advance payment option is not offered at the state leve. There is also a lack of clarity on eligibility. In order to ensure all eligible EQIP applicants are aware of and supported by the advance payment option, the next farm bill should modify the provision so that it is automatically applied and advertised at the beginning of the application process. This would also increase efficiency in processing applications.

b. EQIP Management Component

i. Antibiotics

Add reducing non-therapeutic use of antibiotics to EQIP purposes.

The next farm bill should recognize and support EQIP conservation practices’ role in addressing the impact of antibiotics used on livestock on natural resources. EQIP supports both livestock management practices, such as rotational grazing, as well as practices and that promote improved animal health. The program purposes should properly reflect both of these opportunities.

ii. Organic Support through EQIP

See Organic Initiative within Working Lands – 7d above for additional details.

c. EQIP Development Component

i. Development Practices and Cost Share Rate

Include all structural conservation practices previously eligible for cost share under EQIP and provide a modified cost share rate for these practices.

In order to ensure a smooth pathway between management conservation practices and advanced stewardship, the next farm bill should establish a clear distinction between management and development (i.e., more structural practices). Cost share rates for development practices should be set at up to 50 percent for general participants and up to 75 percent for historically underserved participants. Development practices do not require a shift in management practices, and are oftentimes more expensive and not as strongly associated with higher-level environmental benefits as management practices. Setting a lower cost share rate for management practices, therefore, would protect against EQIP funds being disproportionately utilized by large construction projects. A lower rate would also ensure that while funds are still made available for development, funding would be emphasized for management practices that provide critical environmental benefits and higher stewardship.

Management practices (e.g., riparian buffer, field border, hedgerow, and many other perennial planting practices) should continue to receive a one-time cost-share level of 75 percent in recognition of their contribution to high level environmental and agricultural resilience benefits. The rate of 90 percent for historically underserved participants should also be retained.

ii. Concentrated Animal Feeding Operations

Prohibit funding to new and expanding large CAFOs, especially new or expanding operations within impaired waterways or floodplains.

Using EQIP dollars to support the creation or expansion of large CAFOs can hardly be considered advancing conservation, especially when that development takes place in impaired waterways and floodplains. EQIP was not intended to be a livestock production subsidy program or an incentive to concentrate production; though in ways it has become that.

CAFOs have extreme, negative impacts on water quality, air quality, and human health. As an environmental program, EQIP should not be underwriting these operations – particularly in regions where they significantly contribute to water and air quality impairments. In FY 2016, 11 percent ($113 million) of EQIP funds were allocated toward CAFO operations. Top supported practices included: waste storage facilities ($51,634,622); waste facility covers ($33,582,510); animal mortality facilities (8,867,865); and manure transfer ($7,779,326).

When such a significant portion of EQIP funding goes toward the support of CAFO practices, less support is available for small and mid-sized farms that are trying to implement sustainable management practices on their lands. The next farm bill should prioritize applications for livestock practices that enhance current sustainability efforts and help transition producers toward sustainable livestock management systems; priority support should not be provided for the expansion of CAFOs. Specifically, the next farm bill should reinstate the 1996 Farm Bill provision that prohibited EQIP funding from going to new or expanding large CAFOs.

iii. CAFO Nutrient Management Requirements

Require a comprehensive nutrient management plan (CNMP) to be in place before a CAFO can receive any cost share funding.

In cases wherein NRCS does provide EQIP funding to existing CAFOs for repair, or smaller scale waste storage facilities, the next farm bill should ensure that these operations have a comprehensive CNMP in place prior to the CAFO receiving cost share assistance. CNMPs are mandatory for regulated animal feeding operations (AFOs), therefore the agency should not be providing funding to construct waste storage and treatment facilities before the operator has a CNMP in place. The next farm bill should ensure that the CNMP is fully developed as a prerequisite to receiving any EQIP funds for animal waste storage or treatment facilities.

iv. Irrigation

Ensure that EQIP funding for irrigation infrastructure addresses in-stream flows and consumptive use.

The largest percentage of EQIP funding goes to structural irrigation practices, such as pipelines, sprinkler systems, canal construction, and land leveling. In 2016, NRCS obligated $181 million towards irrigation funding – 17 percent of all EQIP funding for the year.

Fortunately, the EQIP final rule includes a provision requiring irrigation history for anyone receiving irrigation support through EQIP. This is necessary to ensure that irrigation support is not provided in cases where land has not been previously irrigated. Even with this requirement, however, EQIP irrigation practices are sometimes used to expand irrigated crop production. This usage runs counter to EQIP's natural resource objective of net water savings and conservation.

To ensure cost share rates are reflective of net water conservation goals, the lower cost share rate should be applied (up to 50 percent for general, 75 percent for historically underserved), to structural irrigation practices. If the applicant is able to demonstrate that the practice adoption protects in-stream flows and contributes to overall water savings, then the higher cost share rate could be applied.

While irrigation is crucial to many farming systems, there are certain practices that overuse water and ultimately reduce in-stream flows. We have serious concerns about the significant portion of EQIP funds that allow water savings to be used to expand irrigated crop production. The next farm bill should ensure that EQIP funding does not incentivize the over-consumption of water resources.

10. REGIONAL CONSERVATION PARTNERSHIP PROGRAM

The Regional Conservation Partnership Program (RCPP) was established in the 2014 Farm Bill from the consolidation of several different regionally focused programs. Through RCPP, NRCS works in partnership with state agencies and non-governmental organizations to provide financial and technical assistance to farmers to implement conservation activities that tackle priority natural resource concerns in a state or region. In addition to the $100 million in annual funding RCPP retained from the aforementioned consolidated programs, the program also pulls 7 percent of funding from its underlying "covered" programs – Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), Agricultural Conservation Easement Program (ACEP), and the Healthy Forests Reserve Program.

a. Technical Assistance and Outreach

Authorize USDA to provide RCPP funding to project partners to conduct technical assistance and outreach to farmers and ranchers as part of an RCPP project.

NRCS discourages the use of RCPP dollars to assist project partners with conducting technical assistance and outreach to farmers and ranchers who are or could be participating in their projects. However, many local farm and conservation organizations that have smaller operating budgets but significant technical expertise and farmer relationships could use this support to develop and implement a successful RCPP project. For these organizations, a small amount of NRCS funding to help conduct outreach and technical assistance to farmers and ranchers could make the difference between applying for the program or not.

The next farm bill should authorize USDA to allow organizations to request such funding, either as a grant through RCPP or as a concurrent cooperative agreement, as part of the proposal process.

b. Covered Programs

Increase RCPP funding reservation from 7 to 10 percent of covered programs.

Under the 2014 Farm Bill, seven percent of total funds from the covered programs are reserved for RCPP. In order to increase access to RCPP funds for producers who are currently participating in an RCPP covered program, this reservation should be increased to from 7 to 10 percent for each program. This would ensure that a greater amount of program funding is available for targeted conservation practice implementation through RCPP.

As part of that increased reservation, Congress should also clarify that funds sourced from one covered program must be used for contracts that retain the intent, purposes, objectives of that particular covered program as outlined below in the flexibility section. The revised structure should ensure that the statutory requirements for the covered program are maintained, including requirements governing appeals, payment limits, and conservation compliance. Additionally, the added flexibility must come with continued quality standards and resource concern objectives (described in the flexibility section below).

c. Increased Flexibility and Continued Focus on Resource Concerns

In order to ensure that producers and partners have the flexibility needed to target the specific needs of the project, the next farm bill should provide additional flexibility regarding the utilization of the covered programs, while simultaneously ensuring that quality criteria standards and natural resource objectives continue to be met.

The next farm bill should allow NRCS to pull from the covered programs to fund projects that do not use the underlying NRCS programs, as long as the projects achieve the purposes of RCPP and the covered program from which the funding was sourced. This option should be made available in addition to, not instead of, the continued utilization of NRCS covered programs when applicable and appropriate for a given project. In instances when a project does utilize the alternative structure, NRCS should ensure that the general breakdown of projects continues to retain the breakdown of the covered projects. For example, while the 10 percent of funding pulled from CSP may not go directly to CSP contracts, they should still retain "CSP like" contracts – i.e., projects should embody CSP's unique comprehensive conservation approach.

In instances where partners opt to operate outside of the covered programs and practices, NRCS must confirm that the new activities meet quality criteria standard requirements and stewardship objectives. Any modifications to existing NRCS conservation activities must not lower the standard or reduce the overall environmental benefit. Finally, given the added flexibility, all projects should address at least one priority resource concern of the region or watershed. Participating producers should also be required to develop and implement a conservation plan for the project that meets or exceeds the quality criteria for the applicable priority resource concern(s).

d. Allocation of Program Funds

Increase the funding allocation for projects chosen at the state-level.

NRCS National Headquarters makes most decisions about RCPP project awards. Given that RCPP is intended to be a targeted, regional program, however, states should have more autonomy in determining which proposals receive funding. Specifically, the next farm bill should modify the breakdown of how RCPP dollars are awarded. The current breakdown is: 25 percent to states, 40 percent to national criteria, and 35 percent for Critical Conservation Areas (CCAs). Instead, 55 percent should be administered by the states, 10 percent for the national process, and 35 percent for CCAs.

e. Measurement and Reporting of Outcomes

Strengthen the program's focus on conservation outcomes through critical monitoring, evaluation, and reporting provisions.

RCPP includes a focus on identifying and tracking conservation outcomes that result from the collaborative projects. This focus allows RCPP to take a landscape approach to addressing key resource concerns, including: water quality, soil health, soil carbon sequestration, and wildlife habitat. Thanks to this regional approach, RCPP has enormous potential to enhance the resilience of agriculture systems.

Partners are currently required to conduct an assessment of the project's effects, but this guidance lacks the specificity to ensure the focus is on critical resource concerns, such as nutrient loading or soil erosion. As RCPP shifts to a more flexible approach to program design and covered program utilization, it is more important than ever to be able to measure, monitor, and report on the varying approaches and impacts that projects will have. By reporting these measured outcomes, NRCS and the RCPP project leaders will be demonstrating to the public, Congress, farmers, and the conservation community that the voluntary conservation approach works.

f. Match Requirements for Wetland Easements

Reduce the match requirement for wetland reserve enhancement easements.

In continuing to offer the Wetland Reserve Easement (WRE) component of ACEP through RCPP, the next farm bill should reduce the match requirements for wetland easements. Through WRE, NRCS partners with states, non-governmental organizations, and Indian Tribes to protect, restore, and enhance wetlands in state-designated priority areas such as floodplains and riparian areas. Under the 2008 Farm Bill, wetland easements were offered through the Wetland Reserve Enhancement Program (WREP) as a component of the Cooperative Conservation Partnership Initiative (CCPI). Under CCPI, WREP project partners were required to provide in-kind only contributions of at least 20 percent of the restoration costs; or cash only contributions of at least 5 percent of the restoration costs.

The 2014 Farm Bill replaced CPPI with RCPP, and NRCS currently has a goal of securing a 50 percent match, including in-kind contributions from partners for RCPP projects. While this is not a statutory or administrative requirement, NRCS has determined that it will assign 30 percent of the RCPP proposal ranking points based upon the extent to which the partner covers the cost of the project. The next farm bill should ensure that WRE within ACEP and RCPP is operated under the same match provisions as applied to WREP under CCPI. This will make it possible for eligible partners to come up with sufficient matching funds to make their bid competitive.

11. SODSAVER

Native prairies and grasslands are currently experiencing a rapid decline. These vital lands are important to preserve, however, as they provide crucial economic and ecological benefits.

Native grasslands and rangelands directly support the livestock production economy, as well as recreational activities such as: fishing, hunting, and wildlife observation. In combination, these recreational activities generate over $37 billion in economic activity each year.

Ecologically, these lands provide valuable services, including: nutrient cycling, water filtration, flood control, soil preservation, and storage of atmospheric carbon. Grasslands also support biodiversity by providing habitats for wildlife, native plants, and threatened species. When cultivated for crops, however, grasslands can release up to 50 percent of their original carbon within the first 40 years. This leads to the contamination of surrounding water sources by sedimentation, dissolved solids, nutrients, and pesticide runoff.

In an effort to discourage the conversion of native grasslands, the 2014 Farm Bill included a Sodsaver provision, which limits subsidies on converted acres for the first four years of planting.

Currently, the Sodsaver provision only applies to the six states that make up the Prairie Pothole Region (PPR) of the US: Iowa, Minnesota, South Dakota, North Dakota, Nebraska, and Montana. According to USDA and multiple independent studies, however, the PPR is not the only area of the U.S. where grassland is being converted into cropland. For example, Texas, the top state in terms of grassland loss in recent years, is not subject to Sodsaver.

Lawmakers in many states recognize the inadequacy of the policy as it stands. In fact, the Senate's bipartisan 2014 Farm Bill included a national Sodsaver provision. Unfortunately, however, after conference with the House the geographically limited version of the provision was signed into law instead.

Expand Sodsaver to apply to the entire country, not just to Nebraska, Montana, Iowa, Minnesota, and North and South Dakota.

Federal subsidies for crop insurance premiums make it easier for farmers to purchase risk-mitigating insurance products. In doing so, they reduce the risk associated with bringing untilled, marginal land, such as native prairie lands, into crop production. The Sodsaver provision included in the 2014 Farm Bill addresses this unintended consequence by limiting taxpayer subsidies for crop insurance by 50 percentage points on land that is broken out of native prairie. Farmers can still purchase crop insurance on those acres; however, under Sodsaver, the taxpayer subsidizes less of the risk.

A national Sodsaver policy would level the playing field for ranchers and discourage the conversion of increasingly rare native grasslands by removing taxpayer support from the equation. A national Sodsaver policy would instead put the financial burden of this ecologically unfriendly practice where it belongs – onto the individual responsible for plowing up the native prairie and/or grassland.

Close the current "alfalfa loophole," which allows producers to receive a full premium subsidy on newly broken native sod, so long as they plant a non-annual crop for the first four years after tillage.

The Sodsaver provision of the 2014 Farm Bill states: "during the first 4 crop years of planting, as determined by the Secretary, native sod acreage that has been tilled for the production of an annual crop after the date of enactment" of the 2014 Farm Bill shall be subject to Sodsaver. Unfortunately, USDA has interpreted this to mean that the subsidy reduction does not apply to farmer who converts native prairie to a non-annual crop for the first four years after tillage. In other words, a farmer who converts native sod to a non-annual crop (e.g., alfalfa) for four years before switching to an annual crop will not face any penalties. This is entirely contrary to the intent of the law, which was expressly written to discourage the conversion of native prairie. The next farm bill should clarify that the reduction in benefits under Sodsaver applies during the first four years of planting an insurable crop, even if a non-insurable crop is planted for the first four years following tillage.

Require the Farm Service Agency (FSA) to collect and report county-level data on annual changes to native sod acreage.

Data collection is a crucial part of addressing whether or not a program is effective. Without access to adequate data, FSA, Congress, and taxpayers cannot fully understand the extent to which native grassland is being lost from year to year. Recognizing this, the 2014 Farm Bill's Sodsaver provision directed USDA to report on changes in cropland acreage. While not stated explicitly, the intent of this subsection is to require the collection of data on changes in native sod acreage. Indeed, it is included not as a title-wide directive, but rather as a component of Sodsaver, which has the sole purpose of preventing the loss of native sod.

FSA has interpreted the requirement so narrowly, however, that it has only provided data on changes in cropland composition without any indication of whether or not those crop acres derived from grassland. In other words, there is no way to know from FSA's reporting whether new crop acres came from a different crop (e.g., corn converted to soy), or from native grassland. Simply reporting on cropland acreage rather than native sod acreage is duplicative of other efforts within USDA and not in line with the original intent of the farm bill language. The next farm bill should explicitly direct FSA to report on changes in native sod acreage by county.

12. OTHER CROP INSURANCE AND CONSERVATION LINKAGES

See Section G - Aligning Risk Management, Conservation and Family Farming for additional details.

C. INVESTING IN REGIONAL FOOD ECONOMIES: NEW MARKETS, JOBS, AND HEALTHY FOOD ACCESS

Consumer demand for local and regional products is on the rise, and this growing interest in the "farm to fork" pipeline is helping to open new markets and economic opportunities to American farmers and food producers. From schools to grocery stores, to the healthcare system, demand for high-quality, fresh, locally produced food continues to grow. And while local and regional food systems have long been part of the social and economic fabric for some American communities, interest in developing these systems is more widespread than ever. With the American farm economy in a downturn and commodity prices at historic lows, family farmers nationwide have increasingly found that local and regional food systems can help them to create big economic opportunities close to home.

Despite the serious potential created by the increased consumer demand for local and regional products, many would-be food and farm entrepreneurs struggle to enter this growing marketplace. A lack of infrastructure (e.g., storage, transportation, and processing capacity) and technical assistance (e.g., marketing and business planning) has made it difficult for many farmers and producers to update their businesses to reach these customer bases. By helping to connect the dots between producers and local customers, Congress can generate wins for farmers and eaters alike, as well as rural and urban communities.

It is critically important that federal farm programs and policies support farmers and ranchers who want to take advantage of these new economic opportunities by connecting them with consumers, aggregators, processors, distributors, retailers, and institutional buyers in local and regional marketplaces. In the upcoming farm bill, Congress has an opportunity to strengthen communities with farm to fork investments that put choice back into the hands of the people.

To fully realize this tremendous opportunity, the 2018 Farm Bill must invest in programs and policies that:

- Help farmers reach new markets through outreach, cost-share, and technical assistance programs.
- Increase access to fresh, healthy, local food among low-income communities and historically underserved communities.
- Develop new and strengthen existing infrastructure that connects producers to consumers.

1. RURAL DEVELOPMENT TITLE

For more than 20 years, USDA Rural Development (RD) programs have helped rural communities develop and expand thriving businesses, create new economic opportunities, and build and maintain housing, water, electric, telecommunications, and other rural infrastructure. RD programs are particularly important during a time when 85 percent of America's persistent poverty counties are in rural areas, and rural populations are steadily declining.

Among the myriad challenges rural communities are currently facing are: volatile commodity markets, outmigration and population decline, aging farmer and resident populations, declining tax bases, persistent poverty, limited access to affordable small business capital, and inadequate infrastructure. RD programs help provide the tools and resources that farmers, ranchers, entrepreneurs, and rural communities need to address these many challenges.

a. Value-Added Producer Grants

Provide mandatory funding of at least $20 million per year; require peer review panels with at least two non-USDA reviewers making award decisions; and authorize and reserve funding for USDA's Rural Business–Cooperative Service (RBCS) to enter into cooperative agreements with NGOs to conduct outreach and technical assistance in under-served states.

The Value-Added Producer Grants (VAPG) program has historically struggled with uneven awards distribution. A number of factors have contributed to this, the primary factor being the lack of strong, on the ground partners who can help with outreach and technical assistance. In order to support increased outreach and technical assistance in underserved states, the next farm bill should include authorization and direction for USDA to enter into cooperative agreements with appropriate entities that have relevant expertise and farmer and community relationships. In order to improve the integrity of the program, the next farm bill should also require peer review panels to include at least two non-USDA rural development staff members.

VAPG is a popular and successful program. USDA estimates that 73 percent of the businesses that received VAPG grants in 2004 have survived, as compared with data from the Small Business Administration that shows a survival rate of only 34 percent for non-VAPG small businesses after 10 years. The 2014 Farm Bill provided a lump sum of $63 million in mandatory funding for the program for the years 2014-2018. The program was created at a time of low commodity prices, similar to today, as a tool to support on-farm diversification and long term farm viability through the establishment of value added enterprises. Providing at least $20 million in mandatory funding would, in effect, provide historically flat funding for VAPG. This is the least that should be done for a program that is popular, successful, and very likely to see increased demand and need in the near future. Unlike lump sum funding, annualized funding provides a level of consistency for farmers, ranchers, and entrepreneurs. Having funding available consistently on an annual basis and at known levels (rather than facing inconsistent funding cycles with varying amounts) would make it easier to plan and engage with the program.

The next farm bill should also set aside a portion of VAPG funding to support outreach and technical assistance cooperative agreements and evaluation of the program impacts. VAPG is an important source of financial support and investments for many producers, including beginning and socially disadvantaged farmers and ranchers who often struggle to access the financial resources they need to plan and build profitable value-added enterprises.

Unfortunately, VAPG's highly competitive and complicated application process creates barriers to beginning and socially disadvantaged producers' effective participation. Recognizing this reality, the 2008 Farm Bill sought to create a priority and funding set-aside for beginning and socially disadvantaged producers; however, the implementation of both the priority and set-aside has been wrought with problems, limiting the effectiveness of both. In reauthorizing the program, therefore, the next farm bill should clarify the priority and funding set-aside for beginning and socially disadvantaged producers.

b. Livestock, Dairy and Poultry Supply Chain Infrastructure

Direct USDA to use its existing programs to provide loans and grants to build or improve infrastructure for niche meat processing.

The next farm bill should ensure that Rural Development and Farm Service Agency programs can be used to assist participants in maintaining and/or increasing the production, aggregation, processing, distribution, and marketing of value-added, niche, or regionally marketed meat and dairy products. Priority should be given to projects that increase and enhance the availability of small and very small processing facilities, the aggregation of value added products, pasture-based systems, and high level animal welfare.

2. HORTICULTURE TITLE

Over the last decade, specialty crops (e.g., fresh fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops), organic agriculture, and local and regional food have become increasingly larger parts of discussions around federal farm programs and policies.

Fueled in part by growth of consumer interest in buying and consuming these types of food products, the 2008 Farm Bill for the first time included a Horticulture title. The Horticulture title of the farm bill includes programs and policies that support marketing, promotion, and risk management efforts for specialty crops, organic agriculture, and local and regional food systems.

a. Farmers Market and Local Food Promotion Program

Increase annual mandatory funding to at least $40 million per year, clarify that direct-to-retail and similar projects are eligible for the program, provide funding for training and technical assistance teams, and provide funding for program evaluation.

As currently written, there are gaps within the statutory language of the Farmers Market and Local Food Promotion Program (FMLFPP) that leave out entire classes of work related to market development and promotion activities – activities that should be covered.

Currently, FMLFPP allows for funding to be provided for direct-to-consumer projects and local and regional food business enterprises that are acting as intermediaries. The program leaves out a whole class of related marketing activities that fall in between direct-to-consumer and intermediated, however. Activities currently excluded include projects involved in the promotion of the consumption of identity preserved direct-to-retail and direct-to-institution and direct-to-restaurant sales. In other words, projects focused on direct-to-consumer marketing through farmers markets or projects that result in sales to restaurants through food hubs or similar intermediaries are allowed, but projects focused on direct-to-restaurant and direct-to-consumers through retail are not allowed. The next farm bill should address this gap by providing clear authority to support direct-to-retail and direct-to-institutional sales.

As the direct market and local food sector has matured, the community has learned significant lessons regarding best practices for operating efficient sustainable farmers markets, building the necessary community supports for those markets, and efficiently operating and organizing projects like food hubs. The next farm bill should create a new grant opportunity within FMLFPP to support the creation of enterprise education teams that could take the lessons and best practices already learned by the industry and develop and administer relevant education programs, training, and technical assistance that supports FMLFPP's overall goals.

Ensuring that the program achieves the intended outcomes and impacts in a cost effective manner is integral to its long-term integrity and the stewardship of taxpayer resources. Quality data gathering and evaluation is also key to ensuring the development and administration of relevant education programs, training, and technical assistance is as effective and efficient as possible. In order to achieve this, the next farm bill should also reserve a portion of funding for the evaluation of projects funded through FMLFPP.

b. Food Safety Cost-Share

Establish a new national food safety certification and practice implementation cost-share assistance program with $10 million per year in mandatory funding to support specialty crop producers and handlers, with bonus options for beginning, veterans and socially disadvantaged producers.

The Food Safety Modernization Act (FSMA) established new food safety requirements for produce farms. Many of these operations are facing requirements of this nature for the first time, and many more are also facing increased market pressure for third party food safety certification at the same time. Even though FSMA makes it very clear that the Food and Drug Administration (FDA) cannot require farms to pay for third party audits as part of the new regulations, FDA has stated that it will consider whether a farm has been audited in its compliance strategy. Given the increased reliance on third party audits by the market and government, many small farms are facing pressure to undergo a third party audit, or are choosing to do so voluntarily in order to access wholesale and institutional markets.

Family farmers would benefit greatly from federal assistance supporting their efforts to adapt to the impacts of this new regulatory environment. Without such assistance, many farms (particularly smaller farms) will struggle to meet market- and policy-driven food safety requirements. If this happens, FSMA may ultimately fall short of its goal to increase food safety.

FDA has estimated that there are approximately 180,000 produce farms that could be impacted by FSMA. A conservative estimate for the cost of an audit is roughly $1,000 - $1,500. That number, however, does not include opportunity costs, which can increase considerably depending on the time it takes to conduct the audit and the distance the auditor must travel. In fact, during the FSMA rulemaking, FDA estimated that considering the audit, travel time, opportunity costs, and corrective actions needed, the average audit will cost a very small farm $5,699; a small farm $7,474; and a large farm $8,921. A budget of $10,000,000 per year in mandatory funding to provide certification and practice cost-share for produce growers and handlers would mean that approximately 1,500 producers per year could receive critical support to implement food safety practices and attain food safety certification.

c. Food Safety Outreach Program

Transfer administration of the Food Safety Outreach Program (FSOP) from the National Institute of Food and Agriculture (NIFA) to the Agricultural Marketing Service (AMS), prioritize projects led by community-based organizations, limit allowable indirect costs, and establish mandatory funding at $20 million per year.

Among the approximately 180,000 producers currently preparing to comply with the FSMA Produce Rule are many small and mid-scale farms, beginning and historically underserved producers, and small-scale processors. These producers are particularly in need of training and technical assistance support. FSOP is the only dedicated source of funding to provide effective and tailored training, outreach, and technical assistance to meet the needs of these vulnerable producers. Given the number of farms in need of locally adapted and culturally appropriate food safety outreach, education, training, and technical assistance, increased funding for FSOP is critical. At its current funding level ($5 million annually) only a fraction of producers can be reached. $20 million in mandatory funding will allow FSOP-funded assistance efforts to reach a broad geographic and demographic audience, ensuring that producers across the country have access to the training they need to comply with new regulatory requirements and market pressures.

By moving FSOP's administration from NIFA to AMS, the next farm bill can align FSOP's focus with the needs of its stakeholders and streamline USDA assistance for specialty crop growers and handlers, value-added producers, and local/regional food businesses under one central administration. Unlike most of NIFA's competitive grant programs, FSOP is not a traditional research and extension program. Rather, FSOP is an outreach, training, and technical assistance program focused on the needs of small and mid-sized produce farms, beginning and socially disadvantaged farmers, and small scale processors. Applicants not familiar with NIFA's research-oriented application process have struggled with the FSOP application process.

Moving FSOP to AMS and emphasizing the need for projects to be carried out in close partnership with community-based organizations that represent the priority audience will ensure broader, more effective use of program funds and greater streamlining of USDA services. Moreover, limiting project funds that can be put toward indirect costs will allow broader access to the program and avoid waste in spending.

d. Regional Food Economy Value Chain Coordination

Establish a competitive grants program to fund technical assistance and investment coordinators (AKA "value chain coordinators") to help build the local/regional food pipeline from producers to urban and rural markets (i.e., codify the USDA Food LINC initiative); and provide mandatory funding for the program.

Recognizing an opportunity and need to better support the work of value-chain coordination within the local food sector, USDA launched a new initiative called "Food - Leveraging Investment for Network Coordination" (AKA "Food LINC") in early 2016 utilizing discretionary funding from both the Agricultural Marketing Service (AMS) and Rural Development. Value-chain coordination is a well-established concept in the larger manufacturing community that is just beginning to be understood among those in the local and regional food sectors. The Food LINC initiative is aimed at building public-private partnerships to support the establishment of the soft infrastructure (i.e., human capital) necessary to build successful value-based supply chains. Similar mid-tier value chain projects are currently allowed through the Value-Added Producer Grant (VAPG) program, however those are limited to producer-controlled entities or producer coops adding value to their own commodities. The USDA Food LINC initiative is much broader and includes non-producer controlled mid-tier value chain coordination projects. The next farm bill should codify and expand Food LINC in statute.

e. Agricultural Market Development Program

Create a new umbrella program that includes FMLFPP, VAPG, and Value Chain Coordination, and provide the program with $90 million per year in mandatory funding in order to streamline the administration of local food and rural economic development programs.

As the local and regional food sector grows, so too should the programs and policies that support the development of those markets. Once considered a niche industry, the local/regional food sector has today grown into an industry with direct-to-consumer and direct-to-retail sales of roughly $8.7 billion. Many of the USDA programs that have helped to drive this – and will be heavily relied upon to support growth in the near future – are relatively small programs that lack permanent baseline funding. The creation of a new umbrella program would consolidate several existing local and regional food economy programs in a manner that establishes permanent baseline funding for the entire suite of programs while still maintaining the original programs' overall purpose and structure. The consolidation of the existing programs will also include a number of reforms and policy changes to make them more effective.

f. National Organic Certification Cost-Share Program

Reauthorize the program at $11.5 million per year in mandatory funding.

The next farm bill should reauthorize the National Organic Certification Cost-Share Program (NOCCSP) and maintain the program's current funding level of $11.5 million per year in mandatory funding. While the domestic market for organic products continues to grow, US-based organic production has lagged behind. As a result, foreign imports are filling gaps to meet national demand. NOCCSP supports the growth of domestic production so that U.S. producers can take advantage of growing market opportunities.

The statutory language for NOCCSP should be amended to reflect the fact that the program is no longer being administered by the USDA's Agriculture Marketing Service and is now being administered by USDA's Farm Service Agency in partnership with states and non-governmental organizations.

3. NUTRITION TITLE

Since the 1930s, programs and policies that ensure American families have access to affordable, nutritious food have been a central tenet of our agricultural policy. Ever since the first farm bill was passed as part of President Franklin Roosevelt's "New Deal," programs that help citizens (rural and urban alike) access and afford nutritious food in times of need have been a core element of U.S. agriculture policy.

Since the beginning, farm bill nutrition programs and policies have only provided an effective safety net for American families by helping them to purchase more fresh, healthy foods, they have also provided an important economic boost to American farmers and ranchers.

When it comes to ensuring that American families can afford and access healthy food in times of need, the Supplemental Nutrition Assistance Program (SNAP) (formerly known as "Food Stamps") has been indispensable. SNAP provides nutrition assistance support directly to low-income households to help them purchase nutritious food at retail outlets throughout the country.

Creating access to affordable and nutritious food for American families is not just a matter of providing direct monetary assistance, however. Farm bill nutrition programs and policies also provide funding for other, much-needed activities, including: educational opportunities centered around cost-effective healthy eating and cooking; community efforts to improve local food security; and efforts to incentivize and support SNAP recipients' purchasing of healthy products from farmers markets and other direct-to-consumer retail outlets.

a. Food Insecurity Nutrition Incentive Program

Reauthorize the program; provide at least $35 million per year in mandatory funding; authorize grants to eligible entities to provide training, technical assistance, and information sharing to other grantees; and authorize grants to eligible entities to develop new Point of Sale (POS) and Electronic Benefit Transfer (EBT) technology and systems.

Increasing the ability of low-income communities to purchase fresh fruits and vegetables helps to improve the health of families, and also expands economic opportunities for farmers and ranchers. Created in the 2014 Farm Bill, the Food Insecurity Nutrition Incentives (FINI) Program provides grants on a competitive basis to projects that help low-income consumers participating in SNAP to purchase more fresh fruits and vegetables. FINI provides cash incentives at the point of sale, which increases families' purchasing power at locations like farmers markets, other direct-to-consumer marketing outlets, and SNAP-authorized retailers.

SNAP incentive programs have proven to be a successful at addressing family food insecurity and supporting the increased consumption of fruits and vegetables. These programs also create important economic opportunities for local and regional producers. Since incentive programs first started over a decade ago, much has been learned regarding the most cost-effective and impactful ways to run these programs through direct farm-to-consumer marketing channels and traditional retail outlets. Following years of evaluation, numerous technological barriers to SNAP families' ability to efficiently use the programs have also surfaced.

Recognizing the importance of not "reinventing the wheel," when the the next farm bill reauthorizes FINI, it should also include an authorization for grants to eligible entities to conduct training, technical assistance, and information sharing activities that will help to improve the operation of SNAP incentive programs. The next farm bill should also allow for grants to support the development, testing, and sharing of appropriate technologies for the processing of SNAP and incentive transactions. Finally, the next farm bill must maintain the program's direct and local agriculture priority.

b. Harvesting Health Program

Authorize USDA's Food and Nutrition Service (FNS) to conduct produce prescription pilot projects that create partnerships between emergency feeding organizations (or other appropriate entities) and health clinics (or similar entities); establish mandatory funding at $10 million per year for pilot projects.

Community-based organizations working to increase the consumption of healthy local food and build new markets for local farmers are increasingly aligning their efforts with public health and health care organizations. Together they are both seeking ways to incentivize the increased consumption of fresh, healthy produce. Produce prescription programs have emerged as an innovative approach to achieving this goal. In these programs, doctors, nurses, and other health care professionals team up with farmers markets and food pantries. As part of this partnership, health care professionals write "fresh produce prescriptions" for patients with diet-related chronic illnesses, and those prescriptions are accompanied by financial supports that improve patients' ability to procure fresh, healthy produce.

The economic logic behind produce prescription programs is based on the idea of offsetting of the cost of purchasing fresh produce with the savings from reduced health care utilization and medial attendant costs. Currently, the evidence to support this assertion is primarily anecdotal and further testing is much-needed. Authorizing farm bill-funded pilots for produce prescription programs will help to demonstrate their ability to increase sales and consumption of healthy, local food, as well as reduce health care utilization and associated costs.

c. Geographic Preference: School Food Procurement

Expand the existing local procurement language and geographic preference language to allow local production as a product specification for school food, provided competitive bidding is maintained.

Section 4303 of the 2002 Farm Bill amended the Richard B. Russell National School Lunch Act to encourage institutions participating in child nutrition programs to purchase "locally produced foods for school meal programs, to the maximum extent practicable and appropriate." The statutory provision was necessary to overcome a federal regulation that does not allow for geographic preference in government purchasing unless it is specifically authorized.

The provision was strengthened in the 2008 Farm Bill to make geographic preference an official policy. In writing the regulations, USDA included minimally processed products, consistent with 2008 Farm Bill conference report language. Allowed under the regulation are processing steps such as cooling, freezing, peeling, slicing, drying, washing, packaging, butchering, grinding, and pasteurizing. However, in practice, schools have not be able to secure the varieties and quantities of local food needed. This is in part because of limits on product specifications and the need for more training and technical assistance in the application of geographic preference and workaround specifications.

Current law does not allow schools to explicitly require "local" or "regional" as a product specification in a food procurement request. Additionally, geographic preference and product specifications that indirectly prioritize the procurement of local or regional food can be confusing and burdensome to school food service providers, and result in less local and regional procurement. Stakeholders working in the farm to school and farm to institution space have repeatedly requested the addition of "locale" as an allowed product specification for procurement.

In order to provide clarity and help schools more effectively procure product from local producers, the existing local procurement (provided in the 2002 Farm Bill) and geographic preference (provided in the 2008 Farm Bill) language should be expanded to specifically allow local as a product specification for school food, provided competitive bidding is maintained.

If this change were adopted in the 2018 Farm Bill, schools would have two options available: (1) the existing geographic preference option, through which they can give extra points to vendors using locally procured product but cannot limit bidding to local, and (2) a new local product specification option through which they could specify local and then make the award to the lowest bidder who can meet that product specification. Both are viable options, depending on the specific needs and requirements of a particular institutional purchaser, which would provide more flexibility for school districts and expanded economic opportunities for producers.

d. Senior and Veteran Farmers' Market Nutrition Program

Expand the Senior and Veteran Farmers' Market Nutrition Program to include veterans and provide $50 million per year in mandatory funding.

Fewer than one-third of senior citizens in the United States eat the recommended amount of fruits and vegetables. The Senior Farmers Market Nutrition Program (SFMNP) addresses this public health problem by incentivizing seniors to buy fresh produce from local farmers. FNS has been running SFMNP since 2001. FNS provides cash grants to state agencies, which support 100 percent of the food costs and 10 percent of the administrative costs of the program. State agencies administer the program, disbursing coupons to low-income seniors and authorizing farmers, farmers markets, roadside stands, and Community Supported Agriculture (CSA) operations to accept them. Qualifying seniors may receive no less than $20 and no more than $50 per year, though state agencies may supplement those levels with state, local, or private funds. The 2014 Farm Bill provided $20.6 million per year mandatory funding level through 2018. Recognizing that U.S. military veterans struggle with diet related disease and food insecurity at disproportionate rates, the next farm bill should expand program eligibility to include veterans. The farm bill should also increase mandatory funding for the program from $20.6 million to $50 million per year, with 70 percent remaining dedicated to seniors to account for their anticipated increase in program usage.

e. Food and Agriculture Service Learning Program

Renew and annualize appropriations authorization; and require that the majority of program funding be used for regional or national projects.

The Food and Agriculture Service Learning Program, which is authorized but has yet to receive an appropriation, would help teach underserved children in rural and urban schools about healthy food and where it comes from. It would also help promote local and regional food economies by connecting farmers to the school food market. In order to put the program on its best possible footing and ensure success pending an annual appropriation, the next farm bill should annualize the appropriations process to make it easier for prospective applicants to plan and engage with the program over the long term. In order to help ensure that programming is not limited to a single state or community, and that multi-state programs can receive sufficient funding for a project's size and scale, the next farm bill should require a majority of program funding to be used for projects with a regional or national scope.

D. SECURING SEEDS FOR THE FUTURE: PUBLIC PLANT BREEDING RESEARCH & DEVELOPMENT

Diversification is a central tenet of any good risk management plan, whether applied to business and finance or food and farming. In agriculture, biological diversity is key to ensuring success; having a variety of well-adapted crops not only reduces the impacts of extreme weather, pests, and disease, it also protects against price fluctuations in the market. Today, however, we are increasingly losing diversity where it counts the most – our seed stocks.

Historically, control over our national seed stocks and breeding research laid in the hands of our country's farmers and land-grant institutions. However, over the last several decades, the development of our seeds stocks has become increasingly consolidated and privatized. As a result, innovation and growth has been stifled, our national seed stocks have become less diverse, public breeding research has been woefully underfunded, and our food supply is considerably less secure.

Farmers are natural innovators and know best what kind of performance and traits they need from their seeds and crops. By supporting farmer-driven plant breeding research, we can better ensure that all farmers have access to high performing, locally-adapted seeds – no matter where they farm or what they grow. Expanding publicly-supported plant breeding research will also give farmers more choice and control, allowing producers viable alternatives to privately-owned and international seed corporations.

These private options typically focus on a narrow handful of major crops with heavily engineered and expensive stackable (and sometimes unnecessary or undesired) traits that result in fewer and increasingly more expensive and restrictive seed choices for farmers.

The 2018 Farm Bill must scale up investments in public seed breeding research and public cultivar development to enhance the resilience of our food system, widen farmer choice in crop varieties, expand opportunities for innovation and new markets, and bring diversity back to agricultural research and seed breeding. By investing in farmers' most foundational tool – the seed – we can help to ensure a sustainable and robust American food and farm system for years to come.

1. RESEARCH, EDUCATION, AND EXTENSION MISSION AREA

For decades, the capacity of our nation's land grant universities and federal research facilities to produce publicly held and locally adapted plant varieties and animal breeds has been slowly atrophying. Though this decline has taken place without much notice from the public or the media, the negative implications are grave. Without this vital research, we risk undermining world food security and agricultural sustainability, as well as our ability to adapt to a changing climate and other emerging production challenges.

The critical realm of classical (AKA "conventional") plant breeding research for the development of locally adapted and publicly held cultivars has dwindled because federal research funds have shifted towards more expensive genomics research – the widespread practice of private patents and the subsequent private control of germplasm developed using public funds. In addition, funding and policy decisions by USDA and land grant institutions have put the entire profession of classical plant breeding in jeopardy. Because of this, plant breeding departments at universities are shrinking in both resources and capacity, and interested graduate students are left with few options.

Overall, the pool of available germplasm is narrowing, with publicly developed seed varieties rapidly disappearing. Entire regions of the country lack adequate seed varieties that are adapted to their changing geographic and climatic needs, including the ability to resist or combat newly emerging pest and disease challenges. As a result, farmers no longer have a full spectrum of plant varieties available to meet the needs of both a changing climate and a competitive global agricultural economy, and consumers are denied foods that meet both their preferences and nutritional needs. There are several areas where the farm bill can strengthen research efforts.

a. Funding

Ensure that at least $50 million in annual USDA extramural research funding supports public cultivar and breed development to ensure a viable "pipeline" of the next generation of plant and animal breeders.

Since the passage of the Morrill Act and the establishment of the Land Grant University System in 1862, federal funding has been the lifeblood of public plant and animal breeding programs. These programs have driven the development of new and improved seed varieties and animal breeds. Unfortunately, there has been a steady decline in our national investment in public sector breeding programs. Over the past 20 years alone, we have lost over a third of our country's public plant breeding programs. This slow atrophy of public funding to support improved plant varieties means that farmers have been left with fewer and fewer seed choices over the years and are ill-prepared to meet 21st century needs.

Without renewed funding for the development of publicly available plant varieties, American farmers will be at a competitive disadvantage and struggle to meet future production challenges related to climate change and food security. They will also be less able to take advantage of economic opportunities within the value-added, artisanal, organic, and local and regional food markets.

Across the nation, the public plant and animal breeding programs of our land grant universities are quickly and quietly disappearing. Routinely, as public plant and animal breeders retire, their positions are not being refilled. New positions in the field are not being created, and graduate student interest is declining because of fewer faculty resources and fewer research opportunities. As the number of publicly funded plant breeders continues its decades long decline, it becomes increasingly urgent for Congress to support the next generation of public plant and animal breeders.

The next farm bill should require that a minimum of $50 million in USDA extramural research funding supports public cultivar and breed development through competitive grant funding across all NIFA programs, including but not limited to: the Agriculture and Food Research Initiative (AFRI), the Organic Agriculture Research and Extension Initiative (OREI), the Organic Transitions Program (ORG), and the Specialty Crop Research Initiative (SCRI).

This funding level will: 1) establish a baseline of future research investments in public plant and animal breeding research, 2) allow public research institutions to increase the pipeline of public plant and animal breeders in each of the seven U.S. climatic regions, and 3) ensure that vital knowledge and expertise is passed down to the next generation of public plant and animal breeders.

b. Coordination

Establish a Seeds and Breed Coordinator within USDA's Research, Education, and Extension (REE) Office.

A number of USDA research programs currently support public plant and animal breeding research to varying extents, including AFRI, SCRI, formula (or capacity) funds, and longer-term research trials conducted by the Agriculture Research Service (ARS). However, because there is no single USDA research program dedicated to public cultivar development, it is very difficult to assess total federal investments in public breeding research.

The next farm bill should establish a coordinator position within USDA's REE Office who will be charged with harmonizing and tracking public plant and animal breeding research activities within and between REE agencies, and in close coordination with the recently re-established National Genetic Resources Advisory Committee (NGRAC). The coordinator shall work with designated personnel (appointed by the USDA Secretary) to coordinate breeding efforts within NIFA and ARS.

A centralized coordinator will also help to track and identify the needs of the private sector by identifying gaps in breeding research that are currently not being met by either the private or public sector. USDA has previously attempted to assess areas of underinvestment in plant breeding research with limited success, therefore prioritizing areas of the highest need for public breeding research will be a core function of the newly established coordinator. Additionally, the coordinator will ensure that taxpayer dollars are not funding duplicative research (either across USDA or within the private sector) and are only funding the highest priority and most relevant research that meets the specific needs of farmers in every agricultural region across the country. The coordinator would also be responsible for ensuring that the legislative funding mandate for public breeding research is reached through the various programs.

c. Data Reporting and Metrics

Direct USDA to report to Congress on progress in meeting targets relative to a baseline, the number and types of cultivars developed through USDA-funded research, existing gaps in breeding, and any priorities established by USDA for future research investments.

In addition to establishing a baseline of competitive breeding research and ensuring coordination across agencies as well as the private sector, more accountability and transparency is needed to ensure that the private and public sector can monitor public investments in breeding research.

Due to the diffuse and often patchwork funding structure that supports most long-term breeding research, it is difficult to fully understand the return on investments in the sector. Not only does public breeding research happen across multiple programs and multiple agencies, but often research results (i.e., new varieties developed and adapted by farmers) are not realized until years later.

The next farm bill must improve data collection and accountability and require that USDA monitor, track, evaluate, and report on the scope and depth of plant breeding investments. Only through data collection and evaluation can we ensure that federal funding for public cultivar development research is both strategic and adequate.

In this era of fiscal responsibility, it is essential that Congress and taxpayers alike understand the return on any federal investments, including public plant and animal breeding research, in order to justify federal funding and help target areas of future investments.

This reporting and accountability requirement should be administered in a way that makes the data publicly available, user-friendly, interactive, and available to stakeholders from a wide range of disciplines to ensure that research gaps can be identified and areas of duplication can be minimized.

d. Stakeholder Input

Require the Secretary to convene regular stakeholder listening sessions to provide recommendations on national and regional priorities for public cultivar development and NIFA competitive grant programs.

In order for USDA research investments to be responsive to current and emerging needs, the Department must work closely with and facilitate dialogue between public and private-sector plant and animal breeders, as well as farmers, to establish and modify public research priorities.

One mechanism to facilitate this public-private partnership is to solicit public input on research priorities by convening regular stakeholder listening sessions or other venues for providing formal input. It is through this public engagement that USDA will be able to most effectively identify high-priority areas to target federal research investments in public breeding. Farmers and ranchers have a unique understanding of the specific breeding traits required for their regions, as well as the market realities and environmental or production challenges. It is essential that these end users of publicly funded research help drive future investments to ensure federal research is strategic, relevant, and keeps pace with the needs of current and future generations of farmers.

Ultimately, this structured and formal process for USDA to solicit and receive public stakeholder input on federal breeding research investments will improve the effectiveness of USDA programs by focusing federal program dollars on the most worthwhile investments, as determined by farmers, ranchers and researchers themselves.

2. NATIONAL INSTITUTE OF FOOD AND AGRICULTURE

The National Institute of Food and Agriculture (NIFA) was created under the 2008 Farm Bill to elevate federally funded competitive agricultural research within USDA. NIFA administers all competitive agricultural research programs authorized in the farm bill, including many grant programs, such as the Agriculture and Food Research Initiative (AFRI), that fund public plant and animal breeding research.

a. Agriculture and Food Research Initiative

In addition to creating NIFA, Congress also created AFRI in the 2008 Farm Bill with the aim of consolidating and increasing funding for future investments in competitive agricultural research. One of AFRI's statutory research priorities authorized in the 2008 Farm Bill is: "conventional breeding, including cultivar and breed development…breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, participatory breeding."[3]

AFRI remains one of the only USDA competitive grant programs with a targeted focus on conventional plant breeding. Funding, however, has remained so low for this high priority research area that less than 20 plant breeding projects can be funded in any given year. For example, in FY 2015 (the most recent year for which NIFA has publicly available data) AFRI was only able to fund 17 percent of all research proposals submitted for funding, which is significantly lower than our research counterparts in Europe and Asia.[4]

3 *7 U.S.C. 7406(b)(2)(A)(iii)*

4 *National Research Council. 2014. Spurring Innovation in Food and Agriculture: A Review of the USDA Agriculture and Food Research Initiative Program. Washington, DC: The National Academies Press. https://doi.org/10.17226/18652.*

In order to remain globally competitive and ensure that our farmers have the seeds they need to thrive, NIFA must make some significant changes.

Clarify the definition of conventional breeding to mean the development of new varieties of an organism through controlled mating and selection, without the use of transgenic methods.

Public cultivars developed through classical breeding techniques are powerful public assets that are built on a 12,000-year history of farmer and breeder innovation. Congress recognized this in establishing conventional (aka "classical") breeding as a priority area for targeted research investments within the AFRI competitive grant program.

However, since AFRI's establishment, conventional breeding research has been solicited jointly with, and in direct competition to, more expensive breeding techniques (including genomics and other pre-breeding research) which aim to develop new methods in breeding rather than focusing on developing and delivering improved varieties to the public and farmers.

As a result, this statutory priority on plant breeding has resulted in few publicly developed plant cultivars and new varieties that farmers can use. Instead, the majority of AFRI plant breeding research funding has supported pre-breeding research and the development of expensive breeding techniques.

This underinvestment in public cultivar development and participatory breeding has meant that public breeders who prioritize the development of new varieties have very few federal resources to support their research.

The next farm bill must rectify this long-standing issue by clarifying the definition of conventional breeding in order to ensure that public plant breeding research and cultivar development is prioritized and funded through AFRI.

3. AGRICULTURE RESEARCH SERVICE

A signification portion of federally funded, long-term breeding research conducted in the U.S. occurs at USDA Agriculture Research Service (ARS) facilities, as well as State Agriculture Experiment Stations (SAES). Because ARS research is not dependent on short-term competitive grants, such as those administered by NIFA, ARS researchers can invest in longer-term and more complex, systems research that lasts years or even decades. Similarly, plant breeding research is by nature longer-term research, with the average new variety requiring nearly a decade of research. While competitive grant programs such as AFRI, OREI, and the Sustainable Agriculture Research and Education program (SARE) play an important role in supplementing plant breeding research by focusing on shorter-term plant breeding needs, the long-term nature and regional focus of ARS research makes plant breeding an important component of ARS's research portfolio.

Prioritize high-potential projects that lead to the release of farmer-ready public cultivars through ARS.

Given the important role that ARS plays in long-term agricultural research, and more specifically in the area of public sector plant breeding research, it is imperative that ARS not only scale up its investments in long-term plant breeding research, but also prioritizes projects that lead to the release of cultivars and improved varieties that farmers can use.

Unlike NIFA, ARS's funding structure does not allow the same direction from Congress in establishing research priorities or funding levels for specific areas of research. ARS is solely funded through the appropriations process with much less transparency in specific programmatic funding levels or project outcomes.

While NIFA competitive grant programs remain an important component of our federal investment in public cultivar development and plant breeding research, it is equally important to ensure that the longer-term research funded by ARS also prioritizes the most relevant and most impactful breeding research that meets the needs of farmers across all regions. In order to ensure that ARS is held accountable and can demonstrate the return on taxpayer investments, the next farm bill should prioritize ARS research that focuses on developing new plant cultivars and varieties that are deemed the highest priority for our nation's farmers.

4. NATIONAL GENETICS RESOURCES PROGRAM

The National Genetics Resources Program (NGRP) was created under Legislation in 1990 (Public Law 101-624, Title XVI) with the purpose of "maintaining and enhancing a program providing for the collection, preservation, and dissemination of genetic material of importance to American food and agriculture production." The creation of this program was part of a push to increase national and global food security and support improvements in agricultural breeding.

The program was dormant for quite a few years; however, in 2011, the National Genetic Resources Program Advisory Council was established as a way to make recommendations to the Secretary and Director of NGRP through the National Agricultural Research, Extension, Education, and Economics (NAREEE) Advisory Board. The council plays a key role in carrying out the function, purpose, and direction of the program. The council also provides guidance on how the program can be strengthened to better meet the needs of our nation's farmers and ensure our future food security and genetic diversity.

Reauthorize the National Genetics Resources Program with the specific charge of establishing a national strategic germplasm collection assessment and utilization plan.

The National Genetics Resource Council helps to guide the direction and strategic investments of the National Genetics Resources Program, and also serves as the formal vehicle for public stakeholder input into our nation's germplasm collections.

The next farm bill should expand the duties of NGRAC to also provide guidance to the Secretary on USDA funding for public cultivar development, the state of our crop genetic diversity, and resources needed to sustain the next generation of public cultivar developers. These recommendations should inform the development of a national strategic germplasm collection assessment and utilization plan that takes into consideration the resources needed to address the significant backlog of existing accessions deemed critical to preserve both the viability and public access.

Additionally, the next farm bill should expand the composition of the council to include four additional council members who have expertise in public cultivar and animal breed development from the farm, academic, non-profit and private sectors.

5. PLANT VARIETY PROTECTIONS TO SUPPORT FURTHER RESEARCH INNOVATIONS

The growth of utility patents and restrictive licensing agreements by major seed companies, as well as university technology transfer offices, has greatly reduced the flow of scientific exchange and innovation and is a major contributor to the accelerated loss of farmer and breeder access to seeds. Utility patents are often used in combination with Plant Variety Protection (PVP) certificates, but PVP certificates alone with restrictive licensing agreements can also stifle innovation by preventing plant breeders from further improving, or in some cases even trialing, patented seeds for research purposes. Seed varieties developed with public resources must be held in the public domain, with no restrictions on research, use as parental breeding stock, or farm-saved seed.

Affirm that farmers have the right to save and use and breeders have the right to share and improve all cultivars and animal breeds developed with public funds.

While utility patents and PVP are defended as being necessary for innovation, their current use poses a major violation of the intent of both the utility patent system and the Plant Variety Protection Act by stifling innovation. In addition, farmers are increasingly seeking non-patented seeds because of the growing cost and increasingly restrictive uses of such seeds, as well as need for new options to cope with rapidly growing weed and pest resistance problems.

Public breeding programs within our nation's land grant universities should have every right to retain royalties for new varieties developed, and these royalties are in fact, an important source of funding to maintain the future research investments of university plant breeding programs. However, legal protections (such as patents) that are placed on intellectual property that is developed in part or in whole with public funding should not restrict the further use or improvement of that germplasm. With the increasingly consolidated seed market, our nation is at risk of handing over a key public resource – our nation's entire agricultural genetic diversity in the form of patented germplasm – to private interests.

The next farm bill should take immediate steps to ensure that PVP or Plant Patents shall serve as the only authorized forms of statutory plant varietal protection. If licenses or Material Transfer Agreements (MTAs) are used to protect cultivars bred with public funds they shall ensure farmers' rights to save and use seed and breeders' rights to share and improve them.

E. ALIGNING RISK MANAGEMENT, CONSERVATION, AND FAMILY FARMING: CROP INSURANCE REFORM

Americans rely on family farmers to put food on our tables, and we trust them to protect the lands they steward. Because of the important role farming plays in our lives and in our economy, it is in the public interest to help farmers address major risks, such as weather. There are many approaches to managing risk, including crop, enterprise, and market diversification, as well as investing in soil health and conservation. However, current agricultural risk management policy focuses primarily on taxpayer subsidized crop insurance as the main federal farm safety net program.

Federal crop insurance is an important cornerstone of the farm safety net, but it must be improved to better serve all of America's farmers equitably and use taxpayer dollars more efficiently. Currently, the federal crop insurance program excludes many types of farms and farmers in many areas of the country. It discourages many sustainable farming practices like cover crops, while encouraging other unsustainable practices, like monocultures and short rotations. It also encourages farm consolidation by providing unlimited subsidies. Moreover, it is difficult to know how taxpayer dollars are being spent because there is little transparency and accountability built into the program.

For family farmers to successfully weather the challenges of a life in agriculture, they need a federal crop insurance program that is more efficient, effective, and responsive to the growing diversity of the industry. Farmers deserve a federal crop insurance program that works regardless of what they grow, encourages good land stewardship practices, and fosters a level playing field for all. In return for taxpayer support of the farm safety net, the American public deserves a crop insurance program that is as effective as it is accountable and transparent. A modernized federal crop insurance program will better support family farmers and rural communities, advance natural resource conservation, and save taxpayer dollars.

To make the federal crop insurance program more effective and efficient for farmers and the American taxpayer we must: 1) expand access to serve all types of farmers based on their risk management needs; 2) actively promote conservation by eliminating barriers to sustainable farming practices and linking premium subsidies to stewardship practices that protect our land, water and health; 3) reform the structure of the crop insurance program so that it no longer provides unlimited subsidies that fuel farm consolidation or unduly influence farmers' planting decisions; and 4) improve the delivery of the crop insurance program to make it more transparent and efficient.

1. TARGETING FAMILY FARMS

NSAC believes that a crop insurance program backed by the federal government is a prudent and necessary means to help protect American producers from the many risks of agricultural production. However, the current federal crop insurance system encourages the biggest operations to get bigger at the expense of smaller producers because benefits are concentrated on a limited number of crops and a relatively small number of farmers.[5] The federal crop insurance subsidy program is an unlimited, uncapped entitlement program. Because of this, the program predominantly supports America's biggest farms and encourages monoculture cropping by providing little or no incentive to build resilient systems of production.

5 *Land Stewardship Program, "White Paper 2: Crop Insurance Ensures the Big Get Bigger." Pg. 3. Web. Accessed 12 June 2015. http://landstewardshipproject.org/organizingforchange/cropinsurance/cropinsuranceensutesthebig-getbigger*

The federal crop insurance program should target spending in a manner that reduces subsidies that cause farm consolidation and the destruction of family farming in America. In 2011, there were 26 crop insurance policy holders that received more than $1 million in federal premium subsidies.[6] The public benefits of the current crop insurance program are highly skewed to the largest operations, limiting potential resources to farms and rural communities and placing small and mid-sized farms at a competitive disadvantage when it comes to renting or buying land.

a. Premium Subsidy Limitation

Cap federally funded annual crop insurance subsidies at $50,000 for commodity crops and pasture and rangeland policies, with a separate higher premium subsidy limit of at least $80,000[7] for specialty crop policies. These limits must be paired with a strong actively engaged in farming rule that would set a strict limit of one subsidy limit per operation, regardless of farm size or the number of farm managers or non-farm investors.

NSAC supports policy changes to establish an annual per farm limit on premium subsidies. This change would provide full protection for the vast majority of farms, but reduce support at the margins for the largest farms, thereby reducing program-induced farm consolidation and increasing economic opportunity.

Crop insurance should help farmers manage risk, not further fuel farm consolidaiton. According to at study by agricultural economists from Cornell University and the University of Illinois – the first study to focus exclusively on crop insurance – crop insurance contributed to a four to nine percent increase in forage and rangeland values.[8] Another study that looked only at the impacts of direct payments eliminated by the 2014 Farm Bill found that those payments caused an increase of about $18 per acre in cropland value.[9]

There are some concerns that any attempt to further regulate premium subsidies would be detrimental to family farmers. However, estimates show that a $50,000 annual cap is projected to impact only 2.5 percent of farms; it would also save taxpayers $2.2 billion over 10 years. A separate, higher limit for specialty crops is included to account for their higher value per acre. Another study estimated that only about 9 percent of the 254,233 farms in the 12 states[10] studied would see a reduction in premium subsidy payments under such a cap.

There are also viable alternative options available that would achieve similar results. A $125,000 combined payment limit for Title I commodity programs and crop insurance premium subsidies is one potential method of reducing crop insurance'es role in farm consolidation. Another option would be to gradually reduce subsidies once total production exceeds $1 million in gross sales; a zero percent subsidy would be offered once production rose above $2 million in gross sales. NSAC supports any approach that prevents subsidies from distorting land and commodity markets.

Any limit, however, must also be paired with a strong actively engaged rule in order to prevent benefits from flowing to non-farmers.

6 "Largest Premium Subsidy Policyholders in the United States." EWG Farm City Database. Environmental Working Group. Web. Accessed 12 June 2015. http://farm.ewg.org/cropinsurance.php?fips=00000&summpage=LIST2011&statename=theUnitedStates

7 This is double the average premium subsidy for strawberries ($39,169), which has the highest average subsidy of any specialty crop. http://www.agri-pulse.com/uploaded/Specialty-Crops-top-lists-of-federal-subsidies-for-crop-insurance.pdf

8 Clark, Ed. "Crop Insurance Likely Adds 4% to 9% to Farmland Value." Farm Journal. Web. Accessed 12 June 2015. http://www.agweb.com/article/crop-insurance-likely-adds-4-to-9-to-farmland-value-ed-clark/

Ifft, Jennifer, Shang Wu and Todd Kuethe. "The Impact of Pasture Insurance on Farmland Values." Agricultural and Resource Economics Review 2014 (43):390-405. http://ageconsearch.umn.edu/bitstream/190993/2/ARER2014%2043x3%20Ifft.pdf

9 Ifft, J., and T. Kuethe. "The Influence of Direct Payments on US Cropland Values." farmdoc daily (5):95, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 22, 2015.

10 AR, GA, IL, IN, IA, KS, MN, NE, ND, OH, OK, TX

b. Adjusted Gross Income Cap

Apply a $900,000 Adjusted Gross Income limit on eligibility for Federal Crop Insurance Program premium subsidies.

Limiting the ability of farmers with a high Adjusted Gross Income (AGI) to receive crop insurance premium subsides should be undertaken in combination with a cap on total premium subsidies. Together, these two policies ensure that federal crop insurance spending is targeted at the farmers most in need – not the largest and wealthiest farms.

Currently, any farmer or landowner – even multi-millionaires and billionaires – can receive unlimited premium subsidies. For decades, crop subsidy programs (primarily under Title I commodity programs) and conservation programs have been subject to AGI limits; when a farmer's AGI exceeds the limit (currently $900,000 per each recipient of commodity program payments), they are no longer eligible for subsidies. The same $900,000 AGI limit should be applied to the federal crop insurance program.

An AGI limit is not substitute for a premium subsidy cap, however. These reforms work best in tandem; alone an AGI limit will have little impact on targeting insurance subsidies.

A GAO study from March of 2015 found that only one percent of crop insurance participants would have been impacted by a premium reduction when using the AGI limits on conservation and FSA programs contained in the 2008 Farm Bill.[11]

c. Harvest Price Option

Continue to offer the Harvest Price Option as part of the Federal Crop Insurance Program but do not provide premium subsidies for it.

A standard revenue insurance policy locks in a guaranteed level of revenue based on expected production and the expected price of the covered crop. If the farmer's revenue at the end of the season falls below that level because of low prices or because of an insurable loss that lowers production, they receive an indemnity payment. Under the Harvest Price Option (HPO), if the end of season price is higher than the initial projected price at the time the policy was taken out, then any losses are paid at this higher harvest price.

The stated goal of the HPO is to allow farmers, at public expense, to use commodity markets to hedge and further reduce their risk. This is advantageous to the farmer because the price of a crop can change over the course of the growing season due to a variety of factors. For example, in the drought year of 2012, HPO increased federal crop insurance costs by $6 billion. In other years, this would represent more than 75 percent of the average total cost for the program. That is roughly $27.50 per acre in additional payments to farmers with HPO coverage.[12]

While hedging is an a useful tool for farmers to address price risk, it is questionable if the federal government should be subsidizing this kind of action. NSAC believes that the HPO policies available as part of the federal crop insurance program should be maintained, but premium subsidies should not be provided in the 2018 Farm Bill. The policy would still be subsidized through federal support for administrative and operating expenses provided to crop insurance companies, and through the risk sharing arrangement contained in the Standard Reinsurance Agreement (SRA).

11 $500,000 non-farm income or $900,000 in on-farm income.

12 283 million acres insured, 77 percent are revenue policies = 217.910 million acres covered by revenue policies (not excluding harvest price exclusion policies)/ $6 billion = $27.50 per acre.

d. Yield Transfer

Remove the ability for established farmers to transfer their yields from their existing farm to newly purchased or rented land.

Established farmers are allowed to transfer three years of yield history from their existing farm acreage to newly purchased or rented land located in the same county.[13] Beginning farmers, on the other hand, have to use 80 percent of the county average.[14] Even though such a transfer is allowed only for "comparable" quality land, the yield history of established farmers will generally be significantly higher than that of beginning farmers.[15]

This provides an incentive for established farmers to expand their operation, bidding up prices for even relatively marginal land and outbidding beginning farmers who often can only afford less high quality land. The established farm's Actual Production History (APH) may eventually come down, particularly if the land is not of truly comparable quality, but the damage has already been done. This is a perverse system where an established farmer's abilities are weighed much heavier than the capacity of the land they are farming, which harms beginning farmers by making even marginal lands more expensive.

The ability for an established farmer to transfer yields from their current farmland to farmland they have not previously farmed should be eliminated.

13 LSP farmer and page 339 of the 2015 Crop Insurance Handbook

14 If the beginning farmer is taking over an existing operation they had previously been involved in the decision making or physical activities, they can utilize the former operators yields.

15 USDA Risk Management Agency, "2014 Crop Insurance Handbook." Pg 336-352, 497. Web. Accessed 16 June 2015. http://www.rma.usda.gov/handbooks/18000/2014/18010.pdf

2. REACHING UNDERSERVED FARMERS, CROPS, AND PRODUCTION METHODS

The federal crop insurance program does not provide equitable access to farmers of all types (farmers of color, beginning farmers, diversified farmers) and in all locations. While it is clearly not possible to offer individual crop policies for every crop in every county, the federal crop insurance program needs to do more to provide fair, appropriate, and practical access to all types of farms and methods of production.

In 2011, 78 percent of U.S. farms had no crop insurance at all.[16] Some of these farms are livestock or poultry only operations for which there are extremely limited insurance options. In many other cases, however, this is because there is no policy available for crops they are growing in the county they are growing it in or the policy available is considered too expensive or complicated for the amount of the crop grown.[17] While the removal of the smallest farms (those grossing less than $10,000 per year), increases the percentage of farms with crop insurance to 53 percent, many specialty crop and producers in local and regional food systems are still left out.[18]

In 2014, only 36 percent of vegetables grown in the U.S. are covered by crop insurance (74 percent of fruits and nuts).[19] Meanwhile 89 percent of the acreage for the top 15 crops has coverage[20] and the top fifth of subsidy recipients accrue 73 percent of premium subsidies.[21]

16 Land Stewardship Project: White Paper 2, Calculated using 2011 data from the Environmental Working Group and U.S. Census of Agriculture. They report 486,867 crop insurance policy holders and 2,181,000 farms.

17 Land Stewardship Program, "White Paper 2: Crop Insurance Ensures the Big Get Bigger." Pg 7. Web. Accessed 16 June 2015. http://landstewardshipproject.org/organizingforchange/cropinsurance/cropinsuranceensutesthebig-getbigger

18 22% of farms in the ag. census report using crop insurance. Excluding farms reporting $10,000 or less in sales, the participation rates goes up to 53%. See charts on page 33 and 34 of the following report:
Hoppe, Robert A. "Structure and Finances of U.S. Farms: Family Farm Report, 2014 Edition." Pg 33-34. Web. Accessed 16 June 2015. http://www.ers.usda.gov/media/1728096/eib-132.pdf

19 Risk Management Agency. "The Risk Management Safety Net: Portfolio Analysis-Market Penetration and Potential Pg. 12 July 2013. http://www.rma.usda.gov/pubs/2013/portfolio/portfolio.pdf

20 Corn, sorghum, oats, barley, rye, cotton, dry beans, wheat, rice, soybeans, peanuts, sunflowers, canola, sugar beets, and millet, Rain and Hail Insurance Society, "2015 Crop Insurance Update: Securing America's Farmers." Pg 4. Web. Accessed 16 June 2015. http://www.rainhail.com/pdf_files/MK TG/MKTG_0123.pdf

21 Environmental Working Group, "Concentration of premiums subsidies in the United States, 2011." Web. Accessed 16 June 2015. http://farm.ewg.org/cropinsurance.php? fips=00000&summpage=CONC2011&statename

The federal crop insurance program has over 100 individual crop policies available. However, most individual policies are only available in a few areas. For example, the policy for green beans is only available in 3 states (VA, NY, NC), and the strawberry policy is only available in one state (CA), even though more than 10,000 acres of strawberries are grown in other states. On the other hand corn and soybean policies are available in 48 and 41 states, respectively.[22]

The limited availability of policies in many areas discourages farmers from attempting to innovate and grow what is profitable and sustainable, and thereby adversely affects farm economic viability and natural resource condition. Growing what is suited for and profitable in the area helps reduce risk and increases income stability for the farmer. Lenders often require farmers to have crop insurance in order to qualify for loans. If a farmer cannot obtain an individual crop insurance policy for the profitable crop they want to grow, they may be pushed to grow something that does have a policy available even if it isn't the most profitable, best suited, and thereby least risky crop for their area. This can push farmers away from diverse production systems to monocultures or bi-cultures composed of one or two of the big five crops (corn, soybeans, wheat, cotton, rice) which have the most widely available and most generous crop insurance coverage.

a. Beginning Farmers

Bring Risk Management Agency's (RMA's) definition of a beginning farmer into conformity with the definition used by all other USDA programs and agencies, so that the 2014 Farm Bill provisions apply for a producer's first 10 years in operation.

The 2014 Farm Bill provided help to beginning farmers by providing a 10 percent premium subsidy bonus, waiving of fees for catastrophic coverage, allowing utilization of production histories from farms with which they have been involved, and allowing a substitute yield adjustment of 80 percent of proven yield rather than 60 percent of the T-Yield (an assigned yield based on county average).[23] These benefits, however, only apply for the first 5 years a beginning farmer is in operation, creating a split with every other USDA program for beginning farmers. For all other programs, USDA defines a beginning farmer as someone who has been farming for less than 10 years, not five.

Additionally, the Whole-Farm Revenue Protection (WFRP) policy, which covers every crop on a farm and is the only policy that is available in every state and every county, requires at least three years of revenue history (five if not a beginning farmer) in order for a farm to participate. This limits its availability to beginning farmers that are starting new farms, don't have access to the previous operators revenue history, or if that history does not represent their current revenue. To address this shortcoming, a Farm Service Agency (FSA) Non-Insured Crop Disaster Assistance Program (NAP) policy should be created for beginning farmers that covers all crops covered by WFRP, and provides similar levels of coverage to crop insurance. This would give beginning farmers time to build the three-year production history needed for participation in RMA's WFRP policy.

b. Whole Farm Revenue Protection

Make modifications to the WFRP that simplify, streamline, and increase access to the product.

WFRP was created by the 2014 Farm Bill to provide for a consolidated, higher coverage-level, lower-cost, and nationwide expansion of the previous adjusted gross revenue policies.[24]

22 USDA Risk Management Agency, "Summary of Business." Web. Accessed 16 June 2015. http://farm.ewg.org/cropinsurance.php?fips=00000&summpage= CONC2011&statena me

23 USDA Beginning Farmer and Rancher Benefits for Federal Crop Insurance. http://www.rma.usda.gov/pubs/rme/beginningfarmer_2014.pdf

24 Risk Management Agency Whole Farm Revenue Protection Fact Sheet. http://www.rma.usda.gov/pubs/rme/wfrpfactsheet.pdf

WFRP provides revenue coverage for diversified farms by combining all crops and livestock into a single policy and including a diversification bonus. WFRP has greatly expanded the availability of revenue-based crop insurance to a significant range of crop and livestock products and sales have increased each year the product has been available. To the extent that past farm revenue reflects higher value specialty and niche products and markets, farmers can now have insurance coverage that incorporates the higher value of those products, which is a huge step forward relative to the prior lack of options.

Though greatly improved relative to the Adjusted Gross Revenue (AGR) products that preceded it, WFRP needs further changes to make it a more practical alternative to provide risk protection that encourages more sustainable, diversified systems of production.

WFRP needs to be further simplified and streamlined to make it work better for farmers that grow a high number of crops and that sell into multiple marketing streams. The current paperwork burden, which includes preliminary revenue history forms, three reports during the growing season, plus various worksheets are barriers to participation. RMA should be directed to consider utilizing the records standard that was a part of the AGR policy, which presented a lower burden to farmers. That policy did not require that farmers retain individual crop records, but only aggregate information. In addition, the next farm bill should:

- Require that RMA clarify policies for how farmers who use a Community Supported Agriculture (CSA) market along with other marketing channels can effectively use WFRP for their non-CSA production. CSA are essentially a risk management strategy since participants pay for crops ahead of time, but many farms operate a CSA and sell into other markets.
- Direct RMA to complete a study and implement improvements to address situations with WFRP in which farmers' past revenues do not reflect current revenue protection needs. This includes ways to ensure rapidly expanding beginning farms can ensure adequate coverage is available. This could include a higher growth factor or the development of Yield Trend Endorsement for WFRP.
- Create a pilot to allow increased compensation or an alternative compensation structure for agents writing WFRP policies. Currently, agent/Approved Insurance Provider (AIP) compensation is based on the value of a policy and not on the time it takes to write a policy. Because the paperwork and requirements for multiple crops mean that it often takes longer to write a WFRP policy, agents have a disincentive to work on and sell WFRP policies.
- Create and report annually on a training and outreach program for WFRP and NAP for agents and farmers, possibly as a subset of or addition to the RMA Risk Management Partnership Program (RMPP), the NIFA Risk Management Education Program (RMEP) (NIFA) or as a separate FSA/RMA joint program. Knowledge about NAP and WFRP by farmers and those that farmers work with are a barrier to participation in either program.

c. Insurance for Organic Crops

Require RMA to complete price elections for all covered crops within not more than five years and continue to report to Congress on their progress.

The 2014 Farm Bill required RMA to finish organic price elections for all covered crops by 2015. This has not occurred, though RMA has issued 79 organic different price elections up from only eight in 2014. To achieve this, RMA has reviewed

98 crops for organic price elections, finding 19 that currently lack sufficient data to determine an organic election. There are around 120 crops with individual crop insurance policies available somewhere in the country. In addition, USDA has also expanded the Contract Price Addendum (CPA), which is an option that works with an existing crop insurance plan that allows farmers to use their contract price instead of the RMA price election or projected price. RMA needs to continuously review the remaining policies for the development of organic price elections. Despite these advancements, however, significant barriers to the further expansion of crop insurance options and data collection on organic production remain. RMA has placed caps on the amount a CPA can be above the conventional price for a crop. This should be addressed by requiring RMA to periodically review these caps and allowing them to exceed two times the conventional price. In support of these efforts, RMA should continue to release organic crop insurance data on a regular schedule. This includes usage data by state.

Written agreements are an underutilized method for issuing a crop insurance policy for a crop when no standard policy is available. A Government Accountability Office report should be requested on Written Agreements to provide recommendations on reforming the system for Written Agreements so that they can be better utilized to serve farmers when no appropriate generic policy exists.

d. Livestock-related Polices (including Pasture, Rangeland, and Forage Insurance)

Require RMA to conduct an evaluation on how to improve Pasture Rangeland, and Forage policies and retain the current cap on livestock related insurance products.

Well over half the agricultural land in the U.S. is pasture and rangeland, primarily used for livestock and dairy production. Insurance for these acres and these operations is quite limited. There is a pilot program for Pasture, Rangeland, and Forage that bases insurance coverage on either a rainfall index or a biomass or vegetative index (the choice of index varies by area of the country). It offers some protection against losses in forage for haying and grazing, though as a pilot program it is not available everywhere. Greater coverage for grass-based pasture and forage options could be important to conservation and environmental protection if its absence, together with the plentiful coverage for the major field crops, discouraged the retention of pasture or the conversion of cropland to pasture.

RMA should conduct an evaluation (either on its own or through contract) of why there has been underutilization of these products and possible ways to expand their use. The report should assess utilization by State and Region, reasons for uneven utilization across states, whether these products can be used to encourage landowners to keep land in pasture and native grass, and what their actual and potential impacts are on wildlife. RMA should also investigate ways to provide insurance to farmers marketing grass-fed and pasture-raised niche market products. RMA should report back to Congress with recommendations for improving and expanding coverage and policies for livestock.

There currently exists a cap of $20 million on RMA costs for livestock related insurance products. The cap needs to be retained unless it can be ensured that, within contract production arrangements, packers and processors that contract with farmers to raise animals do not capture the benefits of these products for their own benefit to the detriment of the farmers who are actually raising the animals.

e. Revenue Insurance Options

Expand the availability of revenue insurance to all crops that do not currently have a revenue insurance option by requiring RMA to develop revenue policies for the top 20 crops by acreage without revenue policies.

Crop insurance for farmers comes in two main forms – yield insurance and revenue insurance. Crop insurance policies provide indemnity payments when crop yields drop below an insured amount, as long as the reason for the low yield is an insured cause of loss (e.g. drought, excess rain, etc.). Revenue insurance is similar, but insures against drops in price as well as yield. Revenue insurance locks in a guaranteed level of revenue based on expected production and the expected price of the covered crop. If the farmer's revenue at the end of the season falls below that level because of low prices or because of an insurable loss that lowers production, they receive an indemnity payment. Revenue insurance policies are currently only available for about thirteen crops out of the approximately 100 crops with an available policy of some type.

Crops that have no revenue insurance options are put at a competitive disadvantage compared to crops with revenue insurance. For some farmers with diversified rotations, WFRP will be the best option. A single-crop insurance policy, however, might be a good option in other cases, including during a period of time when the farmer may be testing out crops in a new rotation. By not providing such coverage, the federal crop insurance program creates a disincentive to diversify beyond the crops that currently have revenue coverage. Diversified rotations improve soil health, break disease cycles, and diversify income streams.

f. Ensuring Racial Equity in Crop Insurance

Require RMA to produce a bi-annual report on its activities to promote access among underserved minority and socially disadvantaged farmers. This should include statistics about minority usage, as is currently required of the Small Business Administration.

Require each of the four Risk Management Education Program (administered by National Institute of Food and Agriculture) regions to include a priority for outreach to minority and socially disadvantaged communities in their Request for Applications (RFA). This is already included in the statute, but not in the RFAs.

Modify the Risk Management Partnership Agreements (administered by RMA) statute to include crop insurance education and risk management training to minority and socially disadvantaged communities. The RFA for the program already includes this as a priority but it is not in the statute.

Require reporting by crop insurance companies on their outreach activities to beginning and socially disadvantaged farmers and farmers in areas where crop insurance use historically has been low.

FSA County Committees should be required to publish online Non-insured Crop Disaster Assistance Program (NAP) indemnity, loan, and disaster payment rulings.

Federal farm programs have historically discriminated against racial minorities. A USDA-commissioned study found that between 1990 and 1995, less than 1 percent of FSA disaster payments went to black farmers while 97 percent went to white farmers and that discrepancies could not be fully evaluated due to "gross deficiencies" in USDA data collecting and handling.[25] Racial discrimination through the denial of loan payments, crop payments, and disaster payments in the 1980s and 1990s lead to the Pigford and Pigford II cases that ultimately provided more than $2 billion in payment to black farmers. There is every reason to suspect that similar discrimination has occurred within the federal crop insurance program. Anecdotal evidence indicates that minority and socially disadvantaged farmers utilize NAP at higher rates, but crop insurance at lower rates than other farmers.

These proposals seek to bring more transparency to risk management programs at USDA, and provide baseline data about how well these programs are serving socially disadvantaged farmers.

3. ALIGNING WITH CONSERVATION

The following recommendations are built around the need to strengthen the connection between crop insurance and conservation. Currently, the federal crop insurance program takes a very short-term (single year) view of risk management on the farm, which ignores longer-term strategies such as cover cropping and crop rotation that reduce risk to the farm and the program. Over time, the implementation of better conservation practices improves soil health, improves yields, and reduces yield variability, which reduces risk by boosting profitability and resilience. The reduced risk benefits both the farmer and the taxpayer by reducing the cost of the federal crop insurance program. Moreover, better aligning crop insurance with conservation generates climate co-benefits, as conservation and climate change mitigation and adaptation are inherently tied to efforts to limit risk and reduce crop loss.

25 The Pigford Cases: USDA Settlement of Discrimination Suits by Black Farmers. http://nationalaglawcenter.org/wp-content/uploads/assets/crs/RS20430.pdf

a. Removing Barriers

Risk Management Agency (RMA) polices tend to discourage rather than encourage conservation for the sake of maintaining and increasing historical yields to maximize crop insurance benefits. Yet, existing research on this issue indicates that conservation practices can reduce yield variability over time and may increase yields over the long run.[26] In addition to risk management benefits, conservation practices can also have positive water quality, soil health and retention, greenhouse gas mitigation, and air quality impacts.[27]

Shift current cover crop termination guidelines from eligibility requirements to the Good Farming Practices (GFP) rules that cover all other agronomic practices thereby allowing producers to use local information and expertise to guide cover crop management decisions.

RMA transitioned from strict dates for the planting and termination of cover crops in 2014, which was a huge step forward. However, the rules are still a barrier to planting cover crops, and indeed some farmers have lost indemnity payments due to the adoption of cover crop practices, while others shy away from good conservation cover crop practices for fear that they too will lose their coverage. Considering cover crop practices under GFP will treat this practice like every other farming practice, such as tilling and spraying, and remove this barrier to sound conservation.

26 Mine, Sarah; Zoubek, Sarah; Cory-Watson, Damon; Lowe, Marcy. "Adoption of Conservation Agriculture: Economic Incentives in the Iowa Corn Value Chain." The Walton Family Foundation. Pg 20. Web. Accessed 16 June 2015. http://www.dature search.com/wp-content/uploads/Datu_Iowa-Conservation-Agriculture_FINAL.pdf

27 Male, Tim. "Mutually Insured Destruction: How Unchecked Crop Insurance Subsidies Harm the Environment." Defenders of Wildlife. Web. Accessed 16 June 2015. https://www.defenders.org/sites/default/files/publications/mutually-insured-destruction-how-unchecked-crop-insurance-subsidies-harm-the-environment.pdf

Recognize all conservation activities (NRCS sanctioned conservation practices or conservation enhancements) as GFP without exception or qualification.

RMA recently added guidance to the "Good Farming Practices Handbook" declaring conservation activities to be GFP, but with qualifications. Farmers implement conservation practices or enhancements to USDA specifications should not be subject to denial of crop insurance indemnity payments based on the conservation activity being declared not a good farming practice.

Require RMA to develop guidance for farmers on the use of irrigation water and fertilizer when a crop is clearly lost so that they are not applying water or nutrients to a crop that is already lost.

There have also been cases where claims have been denied for not applying fertilizer during a drought. Farmers should not be required to waste resources when it is clear a crop is lost.

Direct RMA to provide all claims adjusters with continuing education on agronomic practices, particularly conservation practices, and organic practices in order to qualify for providing claims adjustment.

It is important to ensure that claims adjuster are educated on the most up to date cover crop practices and other advanced conservation management activities. This will allow them to be fair and/or effective in adjusting claims involving cover crops. As part of the continuing education, adjusters should be familiar with organic farming systems so the can better serve organic producers

Amend the common crop insurance contract to allow farmers to pursue damages in arbitration and to allow damages to be awarded if it is found the Approved Insurance Provider (AIP) denial was based on misrepresented rules or blatant disregard for agronomic information available that attests to the practice as meeting GFP. Establish and fund an office of Ombudsman within RMA to assist producers with the process for getting rule clarification and/or determination of rights in denied and/or arbitrated claims.

Farmers are at a distinct information and experience disadvantage when dealing with a denial of a claim. The current process, while giving ample opportunity for appeal, can be confusing, expensive, and daunting for a farmer. Allowing arbitration as a method for settlement, and providing an unbiased resource for information and support (an Ombudsman) to farmers, would help streamline the appeals process.

b. Strengthening Prevented Planting Coverage

Prevented planting coverage is provided to farmers so that they can receive an indemnity if they are prevented from planting a crop because of natural causes (either drought or excessive moisture).

Move to a 1-in-3 or 2-in-5 year standard for successful planting to qualify for coverage instead of the current 1-in-4 year standard.

A farm can lose the ability to obtain prevented planting coverage if they make a claim in too many years. The standard for how many successful plantings are needed in order to qualify for coverage has an important impact on claims. If the standard is too loose then farms can continue to obtain coverage on land that is in actuality a wetland that really should not be farmed. For example, there are situations where farms in some counties in the Prairie Pothole Region of the Northern U.S. have received indemnities for 13 straight years. RMA implemented a 1-in-4 standard for the number of years of successful planting needed, which is insufficient and should be strengthened.

Provide a more concrete/objective definition (e.g., 100 miles) to "common to the area" rule, which fields must meet in order to qualify for prevented planting.

"Common to the area" is part of the standard for determining if an indemnity is appropriate. In order received a prevented planting indemnity there must be other farmers in the area experiencing the conditions. That definition should include a definition for practices and the role they can play in causing or avoiding prevented planting. The revised definition should also include language that requires the adjuster to consider the prevalence of successfully planted crops in the area and determine that if other, similar crops were planted by using other practices, then prevented planting claims must be denied.

Require farmers to plant a cover crop after a prevented planting situation if doing so would be a GFP; or, alternatively, put in place a substituted yield of 60 or 65 percent of county T-Yield for Actual Production History (APH) purposes when farmer chooses to not plant a cover crop on prevented plant acres when planting the cover crop would be a GFP.

If a farmer makes a prevented planting claim they can either not replant and take the full payment or they can attempt to plant another crop on that same land in the same year, but receive no payment or a reduced payment depending on the outcome of the replanting.

If a farmer chooses not to replant, their APH is not impacted so there is no incentive to replant or to plant a cover crop to prevent a season of bare ground. According to USDA's Office of the Inspector General, only 0.1 percent of prevented planting acres are replanted.[28] This proposal would encourage farmer to explore the possibility of planting a cover crop after a prevented planting situation.

Eliminate buy-up coverage for prevented planting and limit coverage so that is does not exceed the ERS calculated coverage need level.

Currently, farmers in most states can buy-up prevented planting coverage from the base 60 percent to 65 or 70 percent. These levels were implemented in 1998. The reason for this recommendation is that 1996 ERS calculations showed that coverage at these levels exceeds pre-planting costs for some crops. RMA set the coverage levels high out of caution that for some crops the percentages would not be high enough. In 1996 ERS calculated that corn and wheat producers needed prevented planting coverage of 46 and 57 percent respectively to cover pre-planting costs. The report also notes that the heavy premium subsidies provided allow farmers to purchase the buy-up coverage at minimal cost.[29] Prevented planting coverage should only cover the costs up to that point, not costs that will be incurred in the future, such as harvest costs.

Limit APH exclusion provision included in the 2014 Farm Bill.

The 2014 Farm Bill included a provision to allow farmers to exclude up to two crop years where the county experiences a 50 percent loss in any 10-year period. The APH exclusion option should be rescinded until a county's 10-year rolling yield history includes only one year of 50 percent or greater yield loss.

28 United States Department of Agriculture, "RMA: Controls Over Preventing Planning." Pg 8. Web. Accessed 15 June 2015. http://www.usda.gov/oig/webdocs/05601-0001-31.pdf

29 United States Department of Agriculture, "RMA: Controls Over Preventing Planning." Pg 2. Web. Accessed 15 June 2015. http://www.usda.gov/oig/webdocs/05601-0001-31.pdf *c. Sodsaver*

See Section C - Advancing Land Stewardship for additional details.

d. Conservation Compliance

See Section C - Advancing Land Stewardship for additional details.

e. Linking Premium Subsidies to Adoption of Conservation Activities

Require that all farmers develop and implement a comprehensive conservation plan in order to receive all of the available premium subsidies and access all the available coverage levels. Provide a five-year window to develop and implement a comprehensive conservation plan, during which time current subsidy levels would remain available. Limit producers that do not comply to not more than 50 percent coverage on 100 percent of the value if the covered crop;

Or

Create a pilot project for high loss counties: provide buy-up levels of premium subsidies, consistent with current premium subsidy levels for the different policies, for farms that adopt and implement a menu of conservation practices and activities.

Current premium subsidy rates vary from 38 percent to 85 percent depending on the level of coverage. The amount of the subsidy bears no correlation currently to a farmer's level of commitment to good land stewardship. Over time, subsidizing low levels of conservation at high subsidy rates will increase farmers' risk in crop production and thus increase taxpayer's budgetary exposure, whereas linking premium subsidies to the development of a comprehensive conservation plan will decrease exposure while improving environmental performance.

Direct RMA and NRCS to continue and accelerate research, development, and field testing of conservation or stewardship measurement tools, including the Resource Stewardship Framework, to define regionally appropriate conservation outcomes and quantify field or operation level performance toward their attainment.

These efforts are needed to provide information and tools that will work with comprehensive conservation planning to determine whether a farm is eligible for the higher premium subsidy levels. Currently, the Resource Stewardship Framework is in the pilot stage with a pilot web-based tool for conservation planning that could be built out to serve the needed purposes.

The framework includes conservation stewardship goals and a list of conservation activities that could be used to achieve the goals, with measurements based on several different NRCS resource tools to ensure that the Resource Management System (RMS) level of conservation has been achieved to address priority resource concerns in the region or watershed where the farm is located.

Require RMA to work with FSA and NRCS to share field level data, in a manner that protects the personal information of farmers, with researchers inside and outside USDA so that yield variability impacts of conservation practice use can be assessed.

The goal of this is to develop the data sets and research needed to show which conservation practices decrease yield variability and increase soil health and yields over time so that this information can be integrated into crop insurance actuarial tables. Currently, all farmers in a given area are subject to the same expectations no matter what conservation practices they have implemented. This disadvantages farmers who have engaged in conservation that has increased their resiliency versus their neighbor who has not implemented any conservation practices.

f. Prohibiting Subsidies on and Conserving Unsuitable Land

Prohibit any crop insurance premium subsidies on lands with a Land Capability Class that is unsuited for crops as designated by the Secretary, except for pasture, forage, and range policies. Suitable lands within the same field or on the same farm should be fully eligible even if a part of field or farm is not.

According to the National Resources Inventory there are about 20 million acres of cropped land that USDA has classified as unsuited for cropland via the land capability classification system. This is a system that has been used by soil scientists to do soil mapping for 60 years. RMA should be prohibited from offering premium subsidies on lands classified as unsuited to cropland.

Study of enrollment of high loss ratio lands into the Conservation Reserve Program (CRP).

It may be cheaper to enroll certain lands in CRP than to continue to subsidize crop insurance on lands that have had large crop insurance losses. In some cases, lands have had losses costing the government more than is taken in by the premium paid.[30]

30 Miao, Feng, Hennessy, Du. "Assessing Cost-effectiveness of the Conservation Reserve Program and its Interaction with Crop Insurance Subsidies." Center for Agricultural and Rural Development Working Paper 12-WP 553 November 2014. http://www.card.iastate.edu/publications/dbs/pdffiles/14wp553.pdf

4. ENSURING TRANSPARENCY AND STEWARDSHIP OF TAXPAYER DOLLARS

There is a lack of transparency in the crop insurance system. Unlike Title I subsidy programs, there is no public transparency about how much the federal government is subsidizing individual farm enterprises or the private companies that deliver crop insurance. There is no public information available about how profitable or unprofitable crop insurance companies are, which denies the public the ability to judge whether public funds are being used efficiently and whether the program is benefiting family farms or serving corporate interests.

a. Renegotiation of the Standard Reinsurance Agreement

Private insurance companies (known as Approved Insurance Providers or AIPs for short) deliver the federal crop insurance program. The terms and conditions under which the federal government provides subsidies and reinsurance on eligible crop insurance contracts sold or reinsured by the insurance company, as well as the administrative fees the companies can bill to the government, are contained in the Standard Reinsurance Agreement (SRA). The SRA is re-negotiated periodically.

Remove the SRA renegotiation budget neutrality requirement from 2014 Farm Bill to give Risk Management Agency (RMA) the flexibility to negotiate a fair deal for the American people.

USDA has attempted to improve the SRA through its negotiations with the companies. The most recent SRA went into effect for the 2011 crop year. That version was expected to save the taxpayer $6 billion over 10 years. The 2014 Farm Bill, however, contains a provision that requires any future renegotiation of the SRA to be budget neutral.

This effectively prohibits RMA from negotiating any further savings, locking in profits for the AIPs at the expense of taxpayers.

b. Adjustment of Target Rate of Return

Reduce the target rate of return to 12 percent, with the approximately $1.2 billion in savings thereby generated reinvested into crop insurance program improvements.

The target rate of the return is the long-term goal for return to the insurance companies that deliver the federal crop insurance program. It can vary greatly year to year, but the goal is to hit the target over the long term. The actual rate of return has varied from negative numbers in 2012 to over 30 percent and has most often been above 14 percent. The current SRA includes a target rate of return for AIPs of 14.5 percent. The two-year budget deal reached by Congress in October 2015 required a renegotiation of the SRA and a cut in the target rate of return to not more than 8.9 percent. This provision was projected to save more than $3 billion over 10 years. This change, however, was reversed as part of the omnibus appropriations bill that passed in December of 2015.

c. Restructuring the Administrative and Operation Reimbursement Structure

Increase Administrative and Operation (A&O) reimbursements to agents and AIPs for writing Whole Farm Revenue Protection (WFRP) policies and potentially other policies that are more time consuming and less of a cookie-cutter policy.

The value of a crop does not correlate with an insurance agent's actual cost of delivery, but crop value is the main factor used to determine agent compensation.[31] A Government Accountability Office (GAO) report from 2015 recommended that the SRA be renegotiated to better align A&O reimbursements with actual expenses.[32]

More complicated policies like Whole Farm Revenue Protection WFRP are currently disadvantaged because they take longer for crop insurance agents to administer, but don't necessarily have a higher value. If A&O reimbursement rates were correlated with the time and expense of the policies being administered, it would remove the disadvantage.

Wider reform should also be considered, with a goal of reducing the wild swings in reimbursements that track fluctuating commodity markets rather than the actual expenses of the companies. In addition to smoothing out and stabilizing reimbursement rates and reducing windfalls that occur during spikes in commodity prices, aligning payments with actual expenses would increase the stability of the industry, while ensuring a fair deal for the taxpayer.

d. Program Transparency and Accountability

Require annual release of the names of subsidy recipients and amount of the subsidy they receive.

Since the 2008 Farm Bill, RMA has exerted tight controls on data related to the federal crop insurance program, including the names of those receiving premium subsidies and subsidy amounts which are available for Title I commodity subsidies. This information would be useful to researchers, agencies, and farmers. This data, for instance, could be used to show the impacts of the program on land use, rent prices and land prices. It could also show how certain conservation practices impact yields.

31 Land Stewardship Project, "White Paper 1: Crop Insurance - The Corporate Connection." Pg 4. Web. Accessed 16 June 2015. http://landstewardshipproject.org/repository/1/139 0/white _paper_1.pdf

32 United States Government Accountability Office 09-445 " Crop Insurance: Opportunities Exits to Reduce the Costs of Administering the Program." Pg 23. Web. Accessed June 16 2015. http://www.gao.gov/assets/290/289071.pdf

Title I commodity subsidy data has been released in the past; yet as Congress shifts farm support to crop insurance subsidies, the majority of subsidy information is now hidden from view.

Require Approved Insurance Providers (AIP) to publicly disclose profits, losses, underwriting gains/losses, revenue, costs, and commissions.

The lack of transparency about the companies delivering the crop insurance program robs farmers, policymakers, taxpayers, and the public at large of the ability to judge if crop insurance subsidies are supporting family and mid-size farms, adequately compensating the agents that deliver the products, and providing a value to the American public.

Continue annual reporting requirement on progress regarding organic price elections, but expand to include all organic crop insurance option progress.

Each year RMA provides a report to Congress on their progress in providing organic crop insurance options to Congress. That provision, section 508(c)(6)(D) of the Federal Crop Insurance Act, should be retained.

IV. NSAC POSITIONS ON OTHER KEY FARM BILL ISSUES

A. RACIAL EQUITY

1. OUTREACH AND ASSISTANCE TO SOCIALLY DISADVANTAGED AND VETERAN FARMERS AND RANCHERS

Farming is a risky business and has become increasingly difficult to enter over the past few decades. For farmers of color, starting and managing a successful farming operation is fraught with even greater challenges. Although federal resources are an important part of the farm safety net, racial minorities have not historically participated in, or benefitted from USDA programs to the same extent as other farmers. This disparity disadvantages these farmers in both the national and global economy, and stifles the growth and prosperity of rural communities.

Since 1990, the Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers program (AKA, the "2501 program") has been the only farm bill program dedicated to addressing the specific needs of minority family farmers and ranchers. Recognizing that returning military veterans also face unique challenges when trying to start farming businesses, the 2014 Farm Bill expanded the scope of the program to include them. All farmers should have opportunities to successfully acquire, own, operate, and retain farms and equitably participate in all USDA programs. The 2501 program seeks to do this by arming our nation's minority farmers and military veterans with the tools they need to thrive and compete in the agricultural economy.

a. Funding

Reauthorize and provide $50 million per year in mandatory farm bill funding for the 2501 program.

Over the past 20 years, the 2501 program has invested millions of dollars into our nation's community-based organizations, land grant universities, and cooperative extension.
The program has made significant strides in developing and strengthening innovative outreach and technical assistance programs targeted at historically underserved producers.

Section 2501 was originally authorized in the 1990 Farm Bill and has been a critical resource to our

nation's most underserved farming communities since that time. In the 2008 Farm Bill, Congress provided $75 million in mandatory funding for the program for FY 2009-12, nearly $20 million a year over that four year period. The 2014 Farm Bill drastically cut mandatory funding for the program, however, from $20 million to $10 million per year.

Unfortunately, his cut in funding was applied at the same time Congress substantially expanded the program to address the needs of military veterans.

Because the 2501 program is without permanent baseline funding, the program became over subscribed in 2013 – due both to underfunding and a sharp increase in demand from returning military veterans – and was unable to award further funding to organizations working with minority or veteran farmers. Having to survive an entire gap year of in funding compromised the capacity of and diminished support services for hundreds of community-based and non-profit institutions dedicated to serving minorities and veterans across the country. The deep and far-ranging impacts of this gap year are still being felt across rural America. Congress must be proactive in addressing the damaging effects of uncertain funding in the future by completing the next farm bill on time and providing robust mandatory funding.

Ultimately, Congress' underinvestment in the 2501 program shortchanges our nation's most vulnerable and chronically underserved farmers and ranchers. The lack of investment has also slowed the pace of progress and subsequent success of these farming operations, and thus, American agriculture as a whole. With demand for federal resources from returning military veterans only continuing to grow, it is essential that Congress scale up, not cut back, support for the 2501 program in the 2018 Farm Bill.

b. Peer Review and Reporting

Increase transparency and accountability in the awards process by requiring an external peer review and public reporting on project outcomes.

Upon the establishment of the 2501 program in the 1990 Farm Bill, USDA's Cooperative State Research, Education, and Extension Service (now the National Institute of Food and Agriculture) was designated as the agency responsible for administering the grant program.

In the 2008 Farm Bill established both the National Institute of Food and Agriculture (NIFA) and the Office of Advocacy and Outreach (OAO). This farm bill also moved the 2501 program to OAO because of the new office's mission to serve beginning, small, and minority farmers. Unfortunately, the program has at times suffered from mismanagement since moving to OAO; it was even the focus of an Office of Inspector General investigation for improper awards management in FY 2012.

As a result of this investigation, and subsequent reports and recommendations, OAO has stated that it has made substantial changes to the manner in which it selects grantees for any given fiscal year. However, the office still has yet to implement a fully transparent, external peer review process to evaluate which submitted proposals are ultimately funded. Instead, it conducts an internal "peer review" in which grant proposals are evaluated and ranked by USDA personnel. This process not only lacks transparency and accountability, but is also unlike most other federal competitive grant program, such as those administered by NIFA. NIFA requires that peer review panels be comprised of almost entirely external reviewers, who are responsible for evaluating the merit and relevancy of each proposal and make funding recommendations to the agency.

The internal process that OAO has instituted not only lacks transparency, but also excludes community-based organizations and veteran and minority farmers themselves, who are perhaps best positioned to evaluate both the need and value of proposed projects in reaching these underserved audiences, from serving on the peer review panel.

Additionally, project outcome data is very difficult to impossible to obtain on 2501 grantees, and is currently not made available to the public in the same manner that project outcomes are for other competitive grant programs. NIFA grants, for example, require all federal grantees to report project outcomes through the REEport database, which are then searchable by the public and other stakeholders through the Current Research Information System (CRIS). Similarly, the Risk Management Agency utilizes the Results Verification System (RVS) reporting portal to obtain progress report and project outcomes from its grantees.

It is imperative that USDA is able to demonstrate the impact of the 2501 program and makes project outcomes publicly available and accessible to policymakers and taxpayers alike. The 2018 Farm Bill should make the long overdue change and require the 2501 program to be held to the same strict standards and protocols that govern other USDA competitive grant programs.

2. TARGETING FUNDING TO PERSISTENT POVERTY COUNTIES

In hundreds of counties across the US, at least 20 percent of residents have lived below the poverty line for three or more decades. Private investments in these communities are generally limited, as is access to good jobs and critical services. USDA can help address these systemic issues by directing Rural Development investments into these communities.

Waive matching funds requirements for any non-profit or community-based organization administering a project through a Rural Development grant program to serve low-income populations in Persistent Poverty Counties.

The next farm bill should exempt non-profit and community-based organizations from providing matching funds for projects funded through a USDA Rural Development program, provided the project demonstrates a direct impact on creating jobs or other economic opportunities for low income communities of color in at least one persistent poverty county.

The term "persistent poverty counties" means any county that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1980, 1990, and 2000 decennial censuses, and 2007–2011 American Community Survey 5-year average.

3. FEDERALLY RECOGNIZED TRIBAL EXTENSION PROGRAM

Despite federal trust obligations dating back to the late 1700s, there has been little involvement by USDA's Cooperative Extension service in tribal communities to this date. Federally funded programs created to enhance tribal farming and ranching operations, including the Federally Recognized Tribal Extension Program (FRTEP) continue to be marginalized and severely underfunded, and must be addressed in the next Farm Bill.

The Federally Recognized Tribal Extension Program (FRTEP) was established in the 1990 Farm Bill to address the extension needs of tribal producers who have been long overlooked by traditional extension efforts. USDA's National Institute of Food and Agriculture (NIFA) administers FRTEP at the national level, and awards funds on a competitive basis to tribal extension programs located within both 1862 and 1890 land grant institutions. These programs provide resources and information that assist tribal growers in contributing to economic development and ensuring food security in tribal communities.

When FRTEP was first created, it was known as the Extension Indian Reservation Program. Today, FRTEP is run as a nationally competitive grant program administered through NIFA. FRTEP awarded grants fund extension programs and local extension agents on land that is part of American Indian Reservations or under tribal jurisdiction.

FRTEP is responsible for providing tribal communities with many of the same critical resources the Cooperative Extension programs provide to non-tribal farmers across the country. Programming and services that FRTEP supports are essential to improve the success and livelihoods of agriculture in tribal communities, and include education and research-based knowledge, 4-H and tribal youth development, agriculture and natural resource management, business development, food security, and preservation of traditional and cultural knowledge.

Provide $10 million per year in mandatory funding to address long-standing shortage of Extension resources and technical assistance to tribal communities.

The creation of FRTEP in the 1990 Farm Bill addressed a significant gap in technical assistance that many farmers in tribal communities had faced since the creation of the cooperative extension service in the Smith-Lever Act of 1914. Historically, state and county extension offices have been unable to provide the extension support needed by tribal producers. Because so many tribal producers live outside the reach of extension offices provided through the 1862 land grant institutions, adequate funding for FRTEP is pivotal to the economic development of tribal communities.

As of 2015, FRTEP supports just 36 projects that serve 19 reservation communities, and despite providing extension services to 567 tribes and over 100 million acres of land, the program does so on a shoestring, fluctuating annual budget of just $3 million. Raising the mandatory funding level of FRTEP to $10 million annually would greatly improve the ability of FRTEP to provide extension services to tribal communities. Given the number of farmers that are dependent on services provided by FRTEP, and the tribal communities that remain underserved by this program, this funding level would still fall short of achieving full parity, but would improve the situation greatly.

4. FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

The Food Distribution Program on Indian Reservations (FDPIR) provides USDA foods to low-income tribal households, including the elderly. Because people living on tribal lands lack access to Supplemental Nutrition Assistance Program (SNAP) offices and food stores which accept SNAP, FDPIR provides vital hunger assistance to tribal families. The program is administered by the Food and Nutrition Service (FNS) at the federal level and by either Indian Tribal Organizations (ITOs) or state governments locally. FDPIR provides benefits to 276 tribes and is administered by 102 ITOs and 3 state agencies today. The USDA purchases and ships FDPIR foods nationwide to tribal recipients, however these food packages do not contain traditional and locally-grown foods.

Include report language urging USDA to obligate $200 million per year for FDPIR to ensure that tribal communities have an adequate food safety net, especially in light of the recent economic distress facing farming communities nationwide.

If USDA provides less than the necessary $200 million per year to FDPIR, tribal households currently receiving benefits, including children and the elderly, will be at risk of losing their benefits and will increase food insecurity in tribal communities and nationwide. Moreover, if SNAP is amended in the next farm bill to include work requirements, recipients of FDPIR will likewise be at an increased risk of losing their benefits, as there is a lack of job availability in many tribal economies.

Authorize tribal governments to administer food assistance programs to their constituents and to procure traditional and locally grown foods for FDPIR food packages in order to strengthen food sovereignty in tribal communities.

To foster food sovereignty in tribal communities, tribal governments must have the authority to administer the programs their constituents depend on. If state agencies are given control over tribal food assistance programs, tribes will not be guaranteed the same level of food assistance that they have had under tribal government administration of the program, and members of these communities will lose benefits. Furthermore, food sovereignty would be increased by authorizing program administrators to source locally grown, traditional foods in FDPIR food packages. Local sourcing would provide culturally appropriate foods to tribal families while giving tribal food producers access to a larger market for their goods, thus reducing dependency on food assistance programs over time.

B. URBAN AGRICULTURE

Conduct a follow on study to the 2017 Census of Agriculture that collects information about farms located in urban and peri-urban areas and town centers, including both indoor and outdoor agricultural operations.

Americans' interest in knowing more about where, by whom, and how their food is produced has been steadily building over the last decade. As the local food movement has grown, so too has interest in urban agriculture. Urban agriculture gives urban and suburban residents a chance to purchase foods from farmers not just in their state, but sometimes right in their very own neighborhoods. It is also a prime opportunity to educate urban and suburban residents about the realities of farming. As things stand currently, with the exception of the Community Food Projects grant program, there are no dedicated USDA policies or programs uniquely appropriate for meeting the needs of this burgeoning sector of the larger local and regional food movement.

For USDA to develop programs and polices that support the urban agriculture sector, it is essential to understand the relevant needs, opportunities and barriers. Therefore, the next farm bill should instruct USDA's National Agricultural Statistics Services (NASS) to conduct a follow-on study to the 2017 Census of Agriculture that collects information about farms located in urban and peri-urban areas and town centers, including both indoor and outdoor agricultural operations.

Create an urban agriculture liaison position at USDA to: establish an urban agriculture information clearinghouse, consult with public and private groups on how to support urban agriculture, and assist urban producers in accessing USDA technical and financial assistance related to business planning, land access, financing, and accessing new markets.

With the development, demonstration, and deployment of any new and innovative approaches to agricultural production, it is important to foster and facilitate the kind of information sharing that reduces unnecessary research duplication, allows for the dissemination of best practices, and aligns existing resources. In the next farm bill, Congress can address the issue of fostering and facilitating information sharing within USDA but also between USDA and state and local governments and the private sector by creating a USDA Urban Agriculture Liaison position. Establishing such a liaison would also position USDA to develop an effective follow-on study to the Agriculture Census of 2017 and to efficiently respond to and address the findings of the study.

C. COMPETITION

As a result of rapid consolidation and vertical integration, livestock, poultry, and many commodity and retail food markets have reached a point where anti-competitive practices dominate to the detriment of farmers, ranchers, and consumers. The next farm bill should seek to reverse this trend.

Numerous economic studies in recent years have demonstrated the economic harm of current market structures and practices. In response to these studies, greater enforcement of existing federal anti-trust laws is necessary in order to restore competition to livestock, poultry, and commodity markets to protect farmers, ranchers and consumers from the detrimental effects of consolidation. The time has come to reform of livestock markets to prevent just a few packers from exercising nearly unchecked power over farmers, which allows them to impose prices on farmers who have fewer and fewer available markets.

1. LIVESTOCK AND POULTRY

Family farmers have little bargaining leverage when entering into livestock production and poultry or hog contracts because the vast majority of livestock processing and poultry production is controlled by a small handful of companies. When one party in a contract negotiation has all the power, the results can be unjust and economically burdensome. Economic and environmental risks are thus shifted to the farmer. Dispute resolution provisions favor the company. Large investments can be stranded, leading to bankruptcy, by premature termination of a contract without cause or by contracts that do not guarantee delivery of animals. These imbalances and economic losses negatively impact rural communities as well as farmers.

Congress should include provisions in the farm bill to direct USDA to level the playing field for livestock and poultry producers. This includes direction on the implementation and enforcement of the Packers and Stockyards Act, amendments the Agriculture Fair Practices Act, measures to increase transparency in livestock and poultry markets, and rigorous enforcement of anti-trust laws.

a. Packers and Stockyards Act

The Packers and Stockyards Act (PSA) should be amended to require the Secretary of Agriculture to write regulations defining the statutory term "unreasonable preference or advantage" and the term "discriminatory or deceptive practices" to ensure that small and mid-sized producers do not face discrimination in the market place. The PSA should also be amended to state that producers do not need to prove anti-competitive injury to an entire market in cases involving unfair or deceptive trade practices that have harmed them individually.

Congress as part of the 2008 Farm Bill directed USDA to write rules that could be used to enforce key provisions of the PSA. USDA issued proposed rules in 2010, which were bottled up via stealthy legislative riders to the annual agriculture appropriations bills. In December 2017, two proposed rules and an interim final rule were issued. Those rules have since been delayed administratively until at least October 2017, while the current administration reviews them. The regulations should include:

- Designating the tournament system, which is primarily used in contract poultry production as an unfair practice providing an undue preference (a violation of the PSA);
- A list of per se violations of section 202(a) and a list of criteria for determination a violation of 202(a) and (b) of the PSA;
- A requirement to disclosure information by packers to all farmers regarding acquiring, handling, processing, and quality of livestock when such information is disclosed to some farmers;
- A specific provision to clearly make it illegal for packers to retaliate against a producer who speaks out or joins a grower organization; and
- Grain Inspectors Packers and Stockyards Administration (GIPSA) administrative enforcement authority for Poultry.

The regulations should not include any loophole that justifies violations for legitimate businesses.

b. Agricultural Fair Practices Act

Amend the Agricultural Fair Practices Act (AFPA) to close loopholes and address changes in markets that have reduced its effectiveness.

Responding to the retaliatory practices of processors, Congress passed the Agricultural Fair Practices Act of 1967 (AFPA) 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.

Amendments to AFPA should:

- Clarify that it shall be unlawful for any handler to knowingly engage in coercion or permit any employee or agent to coerce any producer in the exercise of his right to form an association of producers;
- Add language to make it unlawful to fail to bargain in good faith with an association of producers;
- Amend the enforcement provisions with a directive for the Secretary to conduct rulemaking to clarify what constitutes normal and fair dealing;
- Provide the Secretary of Agriculture the authority to bring a civil action in United States District Court by filing a complaint requesting preventative relief, including an application for a permanent or temporary injunction, restraining order or other order, against the handler;
- Provide that handlers found to have violated the Act are liable for the amount of damages including the costs of litigation and reasonable attorneys' fees; and
- Change the statute of limitations from 2 years to 4 years and provide for an additional penalty of not more than $1,000 per violation.

c. Market Transparency and Access

Implement reforms to livestock markets, including changes to the Mandatory Price Reporting Act, to improve transparency.

The consolidation in livestock markets has led to a lack of market transparency for farmers. Cattle are being sold through formula and grid pricing schemes at an increasing rate and fewer cattle are passing through public auction markets. Thinner markets, fewer cattle, and fewer futures trades, means less transparency and bigger opportunity for packers to manipulate the market to lower prices paid to producers. This unfair market power can also be used to freeze independent producers out of the market and cause consumer food prices to increase. To address these issues, Congress should:

- Update the Livestock Mandatory Reporting Act to capture prices transacted under new cattle procurement methods such as delayed delivery, after-hour, and premium over current cash-price purchases. The update should also require reporting from all regions, regardless of the number of known buyers operating in the region.
- Restore the cattle futures market to its original purpose of providing risk-management to cattle sellers and buyers by requiring the cattle futures market to be asset-based. This will prevent casino-type gambling by speculators and futures market price manipulation by dominant meatpackers.
- Support the establishment of an Office of Special Counsel for Competition and Market Access Issues at USDA to investigate and prosecute violations regarding competition and fair market issues.

d. Federal Financing of Livestock and Poultry Operations

Remove federal government financing for the construction and outfitting of Consolidated Animal Feeding Operations.

A large percentage of contract production facilities are financed in whole or part by the federally back loans. While we support Farm Service Agency (FSA) loan programs, which provide credit to many farmers underserved by private credit markets, federal funding provided for contract livestock and poultry facilities should not subsidize unsustainable and abusive contacting practices. Federally backed loan programs should prohibit loans for Concentrated Animal Feeding Operations (CAFOs). If a prohibition is not put in place, at a minimum federally backed loans should come with strong requirements that the source of income be dependable and likely to continue, including animal delivery commitments and contract lengths equal to or greater than the length of the loan.

See Credit Title section V. 3. For full recommendations.

e. Anti-Trust Enforcement

NSAC supports stronger enforcement of our anti-trust laws by the Federal Trade Commission and the Department of Justice, which share jurisdiction over food company mergers. The 2014 merger of Tyson Food, Inc. and Hillshire Brands Co. is an example of the type of merger that further restricts consumer choice in the grocery store while also giving farmers fewer markets in which to sell their products. Fewer markets means more power for the hand full of meat packers left, which allows them to impose the price they want to pay on farmers, eroding farm incomes and pushing rural communities further into poverty.
We also support the addition of the Secretary of Agriculture as a member of the Committee on Foreign Investment in the United States. This addition will bring an important voice to the discussion about the impacts of foreign companies obtaining control of companies operating in the domestic foods system.

D. COMMODITY PROGRAM REFORM

The farm bill's farm safety net has for decades had the same goal: to provide farms that produce food and feed grains, oilseeds, cotton, and dairy some degree of protection against low commodity prices or sudden price declines, allowing them to stay in business for another year while providing for family living expenses. Commodity support programs that help protect basic farm family income and the ability to keep farming is a legitimate function of government. The resulting safety net, however, should be just that – a safety net and not an open-ended entitlement subsidy that encourages land price inflation, soil-depleting farming practices and systems, farm consolidation, and declining farming opportunities.

The 2014 Farm Bill eliminated direct payments. These were payments made to landowners regardless of what was happening with commodity prices and farm income. However, much of the saving from the elimination of direct payments was plowed back into three new subsidy programs, which, while they are countercyclical and hence reflect market trends, nonetheless share many of the same problems as the programs they replaced.

While Title I commodity programs, unlike the crop insurance program, do have a payment limits, USDA has never adequately defined who qualifies as an eligible farmer, rendering the Farm Bill's payment limit provisions ineffective to the point of being nearly meaningless. NSAC has and continues to work diligently for payment limit reform and for the implementation of a strong payment eligibility rules.

During The 2014 Farm Bill debates, NSAC helped champion the Farm Program Integrity Act, which was included in both the House and Senate passed farm bills and supported on a widespread bipartisan basis. Unfortunately, during conference negotiations the provision was dropped in favor of a very weak substitute that allows mega farms to continue to receive multiple payments that well exceed the nominal limitation. The committee leadership that negotiated the final bill negated the will of Congress in passing sweeping payment limit reform in order to allow mega farms to continue to receive what practically speaking are unlimited subsidies from the taxpayer.

1. PAYMENT LIMITATION AND ACTIVELY ENGAGED IN FARMING REQUIREMENTS

This current loophole allows individual farming interests to secure nearly unlimited taxpayer support by allowing people and various business entities to dodge the requirement to be "actively engaged in farming." The 2014 Farm Bill included a $125,000 payment limit and a directive for USDA to write a rule on actively engaged that exempts "family farms", defined as any entity that is not a partnership or joint venture. This limited the applicability to less than five percent of farms organized as partnerships and joint ventures. These farms are among the largest farms in the country, however, they receive, on average, about one-fifth of total annual commodity subsidies. The rule produced by USDA, based on congressional directives, allows for unlimited subsidies for large and complex farms, with multiple farm managers and their spouses all being treated as actively engaged. The rule allows for separate payment limits for each actor, which combined can exceed $1 million a year.

a. Actively Engaged in Farming

Clarify the definition of "management" in the actively engaged rules to require ongoing and direct involvement in farm activities to stop the current evasion of payment limits. The next farm bill should include a single payment limit to each farming operation, regardless of the operation's size or business structure.

It is important to ensure that federal farm subsidies be limited to farmers who are actively engaged in farm. Allowing people who live far away from the farm or who are not actively engaged in the operation of the farm to collect federal subsidy payments is the linchpin for commodity program fraud and abuse. Continuing the current charade puts family farms and beginning farmers at a disadvantage and puts subsidy programs at risk by weakening support among the general public. The House and Senate should once again pass comprehensive reform of the actively engaged rules, but this time they should insist on it remaining in the final measure.

b. Payment Limits

Lower the payment cap to $50,000 for all payments (Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC)) to an individual or twice that for a married couple where both spouses are actively engaged in the farming operation and cap marketing loan gains at $75,000 ($150,000 for an actively engaged couple).

The lower payment limit ensures that subsidy payments are targeted at the farms most in need, and not the largest most well off farms that are most able to internalize their risk.

An alternative would be to implement a combined $125,000 payment limit covering title I commodity programs and Title XI crop insurance subsidies, in any combination.

2. PLANTING FLEXIBILITY

The 2014 Farm Bill allows for a significant degree of planting flexibility by continuing to base commodity subsidy payments based on historic base acres rather than what a farmer is currently planting. This allows those farmers who want to diversify their rotations to do so without penalty. The one partial exception is for fruits and vegetables. Under the 2014 Farm Bill farmers can plant 15 (in some limited cases, 33 percent) of base acres to fruit and vegetable production with payment reduction, but beyond that there is a 1:1 payment reduction.

a. Base Versus Planted Acres

The next farm bill should reject moving to planted acres as basis for payments and continue to keep commodity payments de-linked from planted acres.

This is important because it removes the incentive to "plant to the program." Basing Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments on planted acres encourages farmers to plant whatever crop is likely to provide the largest payout in any given year. Delinking payments from planted acres provides farmers the option to plant whatever crop is best for their system, market, and the health of their land.

b. Fruit and Vegetable Flexibility

The next farm bill should continue to include a fruit and vegetable flexibility provision at no less than its current level.

Maintaining this flexibility will allow farmers the ability to serve local and regional markets by planting non-program crops (fruits and vegetables) on base acres. A restrictive flexibility policy prevents farmers from trying out new crops, or exploring new markets because planting no-program crops puts their subsidy payments at risk.

E. CREDIT

There has been greater attention on federal farm loan program funding in recent years, due in large part to the financial pressures placed on farmers through a combination of lower than expected revenues and sustained high input and land prices. As Congress looks toward the next farm bill, changes to Farm Service Agency (FSA) loan programs should certainly be considered. However, any policy changes proposed to the appropriate cap on federal loan amounts should be measured against current program usage and demand, historical funding levels, and performance targets. As discussed in further detail below, current demand exceeds supply for all loans except direct ownership loans. This points to the need for more loan funding, but not necessarily larger loans. Loan cap increase would further limit FSA's ability to supply credit to those in need.

For additional credit proposals, see Section B, Increasing Farming Opportunity: Beginning Farmers and Ranchers.

1. LOAN LIMITS

In recent years, there has been excess demand for almost all Farm Service Agency (FSA) loan programs at the current statutory per farm loan caps. Demand for FSA loan funding was especially high in 2016, and required an additional emergency appropriation to address the significant backlog of farmers seeking FSA financing to cover year-end operating expenses. The only loan program that did not expend all of the appropriated funds in FY 2016 was Direct Farm Ownership (DFO) loans (see specific recommendations on DFO loan limits in Section B, Increasing Farming Opportunity: Beginning Farmers and Ranchers).

In addition to the excess demand for FSA financing at current loan caps, the average loan size for both direct and guaranteed loans remains far below the current statutory loan caps:

Average FSA Loan Size - FY 2016			
	Statutory Loan Cap	Average Loan Amount	Average as % of Cap
DOL	$ 300,000	$ 56,810	18.9
GOL	$ 1,399,000	$ 299,771	21.4
DFO	$ 300,000	$ 180,153	60.1
GFO	$ 1,399,000	$ 487,791	34.9

The vast majority of farmers served by FSA loans are currently well below the current statutory loan caps – with the average loan amount for all loan programs (with the exception of DFO loans) falling within 35 percent of the statutory caps. These trends illustrate how important FSA financing is for small and mid-sized family farms, beginning farmers, minority farmers, and others not well served by commercial credit. If loan caps are increased across the board in the next farm bill in order to accommodate the needs of the largest farms – those with the best chance to find private sources of credit and capital – family scale farms, including beginning and socially disadvantaged farmers, will ultimately feel the brunt of the impact and face fiercer competition for a limited pool of federal loan funding.

Oppose any increases to Direct Operating Loan caps.

Direct operating loans (DOL) are the lifeblood of many new farm operations. Without these loans, many new farmers do not have enough start-up capital or accrued assets or revenue to afford the up-front costs of starting a new farming operation (in addition to paying the up-front production costs associated with nearly every farm's annual growing season). In total, demand for FSA operating capital exceeded available loan funding by nearly $800 million in FY 2016. Congress must ensure that FSA can provide capital year in and year out, regardless of the market conditions, to those most in need of credit (including beginning farmers who are unable to secure credit from private lenders).

In that light, Congress should not raise the individual loan limits on FSA DOLs. As depicted in the chart above, the current average loan size is $56,810 – which is less than 20 percent of the maximum $300,000 loan amount. Additionally, current loan demand is outstripping annual appropriations at the current $300,000 loan cap. Raising the limit on DOLs will almost certainly put that demand to funding ratio further off balance, will reduce the performance of the agency in reaching the target participation rates for beginning and socially disadvantaged farmers, and most likely result in a greater backlog of farmers unable to secure FSA operating loan financing – most of who will have no other financing options.

Require that any increase in guaranteed or direct loan limits be modest and tied to proportionate increase in appropriations.

Given the current economic conditions, it is understandable that there is mounting pressure from the commercial lending community to significantly raise guaranteed loan caps in the next farm bill. This is partially out of an interest in federally backed loans for larger, multi-barn, confined livestock and poultry operations – the cost of which now exceeds current guaranteed loan limits of $1.4 million. As well, whenever there is a downturn in the agricultural economy, lenders seek to increase their guaranteed portfolio and increase the size of farm served by the guaranteed program, shifting more risk to the taxpayer. However, as with direct loans, the guaranteed program is already oversubscribed at current loan caps.

The current average guaranteed loan size is only a fraction of the $1.4 million statutory cap (adjusted for inflation) – 21 percent ($299,771) for guaranteed operating and 35 percent ($487,791) for guaranteed ownership loans.

Given these realities, we believe the guaranteed loan cap should not be raised beyond the annual inflation adjustment – currently $1.4 million per loan. If Congress nonetheless decides to raise those caps under pressure from the commercial lending sector, any increases should be quite modest and tied to a proportionate increase in annual appropriations to ensure that small, beginning, and other underserved farmers are not pushed out of the agricultural credit market.

Additionally, any increases in guaranteed loan limits must come with greater scrutiny on target participation rates and contract security requirements for the financing of livestock and poultry infrastructure (see below for details).

2. TARGET PARTICIPATION RATES

Over the past two decades, Congress has set aside federal loan dollars and established goals to reach beginning and socially disadvantaged farmers and ranchers within the direct and guaranteed farm ownership and operating loan programs. Reserving funds for these often underserved and oftentimes riskier borrowers helps target USDA credit programs to those most in need of credit assistance, ensures that socially disadvantaged and beginning farmers and ranchers can obtain access to credit, and helps reverse the aging of American agriculture and the loss of land ownership among farmers of color.

The 1990 and 1996 Farm Bills and the 1992 Agricultural Credit Act introduced a number of loan fund set-asides and preferences for beginning farmers and ranchers, and the 2008 Farm Bill increased several of these target participation rates. Current beginning farmer target participation rates are 50 percent for direct operating loans (DOL), 75 percent for direct ownership loans (DFO), and 40 percent for both guaranteed ownership and operating loans. If the set asides are not fully used by beginning farmers and ranchers, the funding is released for other types of borrowers at set times during the year.

Currently, Farm Service Agency (FSA) direct loans made to beginning farmers and ranchers are generally fairly close to the statutory reservations. Guaranteed loans, though, continue to fall short of the target participation rates established in the 2008 Farm Bill, at the same time that many beginning farmers are finding access to credit to be one of the primary barriers to enter farming.

Require guaranteed lenders to meet statutory target participation rates for beginning and socially disadvantaged farmers in order to qualify as a preferred lender.

Statutory target rates for beginning and socially disadvantaged farmers are currently not being met across all loan programs – with guaranteed lenders performing the most poorly. While FSA direct loan programs have met their targets for beginning farmers in recent years, private lenders receiving guaranteed loan funding have not met their statutory targets since the target participation rates were put in place by Congress in 1992. In 2016, guaranteed lenders only used 25 percent of operating loan funding and 29 percent of ownership loan funding to make loans to beginning farmers – falling far short of the 40 percent reserved for beginning farmers. This seems especially low considering that FSA was able to direct 63 percent of DOL funding and 75 percent of DFO financing to support new farmers.

These trends strongly suggest that any increases to guaranteed loan limits will benefit the largest and more established operations at the expense of family scale, young, and beginning operations – many of whom face a much more difficult time securing financing in the commercial credit market than more established farms. Subsequently, any increase to guaranteed loan limits will mean that private lenders will only be moving further away from meeting their statutory targets.

Therefore, any increase in guaranteed loan limits in the 2018 Farm Bill must be tied to an absolute requirement by all preferred Guaranteed Lenders to reach or exceed the current statutory target participation rates. This could be accomplished through several policy mechanisms, such as eliminating the re-pooling of funding that is reserved for beginning farmers to ensure that 40 percent of guaranteed loan funding remains available throughout the year for loans to beginning farmers. This is especially important to ensure continued access to loan funding for beginning farmer loans if loan limits are increased.

Alternately, the next farm bill could allow for an increase in loan limits only if lenders meet a certain percentage of the established target participation for loans to beginning farmers. Both of these mechanisms would help to incentivize guaranteed lenders to increase lending to beginning and socially disadvantaged farmers.

3. CONTRACT AGRICULTURE AND CAFO LOAN RESTRICTIONS

Prohibit the usage of limited Farm Service Agency (FSA) loan funding for large Confined Animal Feeding Operation (CAFO) loans.

FSA guarantees are currently permitted for the construction of large CAFOs, and many of the largest FSA guaranteed loans finance the construction of these facilities. Today, most CAFOs (with the exception of dairy operations) are operated through production contacts whereby the farmer covers the cost of building the facility, often with a federally backed (guaranteed) loan, but does not control the main production elements (i.e. feed and animal quality) that impact their ability to generate enough revenue to pay the monthly loan installments, or other necessary operating expenses.

In the current fiscal environment, with increased pressures on FSA loan programs to assist farmers in financial distress due to the recent downturn in the farm economy, FSA should not be siphoning off precious little loan funding to subsidize large confined livestock operations that not only pose significant environmental risks, but also lock farmers into cycles of debt with little chance of long-term success. In the absence of a complete ban on the use of FSA loans for the establishment, construction or expansion of CAFO facilities, protections for farmers and the environment must be built into the loan programs (see additional recommendations below).

Require that FSA loans for CAFOs be supported by a contract that commits the integrator to delivering a sufficient number of animal units per year to cash flow the loan.

Contracts for livestock and poultry production generally do not contain provisions ensuring the delivery of a minimum number of flocks or animal placements during a year. Even when a production contract is nominally multi-year, it may in reality be a flock-to-flock contract that provides no animal delivery guarantee. However, loan payments must be made every month, regardless of whether animals are delivered. FSA backed loans have a requirement that the income source be dependable and likely to continue, thereby ensuring that the loan funding is likely to be paid back in full. Those requirements should be extended to include requirements that livestock and poultry production contacts that serve as the revenue source for an FSA loan must have quantifiable requirements for animal delivery.

Require FSA loans for CAFOs to be of a similar length to the supporting contract.

FSA regulations require income sources to be dependable and likely to continue. However, contracts for hog and poultry production are most often flock-to-flock or herd-to-herd. Even if the contract is for a set period of years, there are usually many caveats that allow integrators to delay delivery of animals for almost any reason. Mortgages must be paid every month no matter whether animals are delivered or not. Congress should therefore amend FSA lending authority to require contract length to be as long as the length of the mortgage. Current guidelines require only that a contract be three years when the applicant has no current financial performance history. It is unrealistic to think that growers can recoup their investments, which often exceed $1 million per grower, within three years.

Ensure that all FSA loans for large CAFOs undergo an Environmental Assessment or Environmental Impact Statement analysis prior to approval.

Federal loans to large CAFOs are often exempted from environmental review under the National Environmental Policy Act (NEPA). Because of the significant environmental risks associated with large CAFOs, the next farm bill must clarify that FSA loans for these types of facilities are subject to NEPA, and that these facilities undergo an Environment Assessment or Environmental Impact Statement prior to approval of the loan.

Prohibit CAFOs from qualifying for expedited loan procedures under FSA's preferred lender program.

The preferred lender program allows enrolled lenders to utilize expedited procedures for making guaranteed loans. These expedited rules limit transparency as to whether current lending guidelines are being followed. The next farm bill should ensure that preferred lenders cannot use expedited procedures when lending to CAFOs. Instead, such loans should go through normal lending procedures, including rules about contract length, dependability, likeliness to continue, contract termination, and performance assumptions, as outlined in FSA Notice FLP-540. Preferred lenders should also be required to have a fluent speaker present at loan closing for limited English proficient borrowers.

4. BORROWER RIGHTS

Include enforcement mechanisms for guaranteed loans.

Servicing requirements should be consistent between preferred and certified lenders. Implementation of federal programs and borrower rights should not be different depending on what bank the borrower chooses, and in all cases there should be transparency to the borrower.

The farm bill should eliminate all differential servicing requirements between certified and preferred lenders. Preferred lenders should not be exempt from requirements for servicing distressed guaranteed loans, including the requirement to schedule a meeting with the borrower within 15 days of default and allowing the borrower to request the attendance of an agency official at that meeting. Similarly, the rules governing the restructuring of guaranteed loans should be consistent across lenders.

The farmer should have the right to appeal agency decisions on guaranteed loans in the event that a guarantee is turned down, not implemented, or if the agency does not enforce the borrower's rights. This includes possible court action in the case that administrative appeals are exhausted. Courts have determined that the farmer does not have standing in these decisions because they are not party to the lender agreement, although the farmer co-signs the guarantee application. The next farm bill should establish that the farmer is the intended third party beneficiary of the guaranteed loan program in addition to the bank's standing established in the lender agreement.

The farm bill should further establish that the value of the final loss claim in a guaranteed loan is not recoverable, and does not convert to federal debt. This creates equivalency with direct loans.

5. NATIONAL APPEALS DIVISION

In recent years, USDA has taken a more aggressive and much needed stance on discrimination. Still, many farmers face serious financial hardship from the failure of Farm Service Agency (FSA) and other agencies to implement final decisions of the National Appeals Division (NAD) in a timely fashion.

Congress established the National Appeals Division (NAD) in the Department of Agriculture Reorganization Act of 1994 in order to consolidate and improve the hearing procedures for USDA claims, disputes, and appeals to USDA program participants. NAD reports directly to the Secretary of Agriculture and is independent of other parts of USDA. Any farmer who receives an adverse program decision from USDA's Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, or the three USDA Rural Development agencies may file an appeal with NAD.

Clarify FSA loan making regulations to require NAD decisions to be implemented based on the information before the appeals officer.

USDA agency heads are required by law[33] to "implement" a NAD decision within 30 days of an appeal. The authorizing statute for NAD 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." Additionally, current statute[34] states that NAD decisions 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."

Yet current FSA regulations prohibit county loan officers from approving loans based on information more than 90 days old and do not require implementation of appeals decisions within 30 days. Because the appeals process regularly takes 120 days, FSA routinely refuses to implement final NAD decisions based on a case's original information. Instead, the agency insists that the applicant submit new information for a new evaluation of program eligibility. This forces farmers who win appeals through NAD to restart the application process before the same loan officer whose decision was overturned. In almost every case, this has meant farmers with successful NAD appeals are unable to obtain necessary credit through FSA during the desired crop year, which puts these farmers at great financial risk. The process unfairly penalizes applicants who are mistakenly denied services and allows for continued discrimination.

The regulations also give county loan officers the power to discriminate against individual farmers by simply prolonging the application and appeals process until it is deemed too late. In some cases, the implementation in favor of a farmer undergoing a NAD appeal has been denied for years – a classic example of the legal maxim that "justice delayed is justice denied."

Congress clearly intended for final NAD determinations and implementation to relate to information present at the time of the original decision or action. In the next farm bill, Congress should include specific language clarifying this issue to ensure that FSA loan programs are

33 7 U.S.C. § 6991-7002

34 7 U.S.C. §§ 6997, 6998

administered so that they comply with the NAD statutory requirements cited above.

Require the Secretary of Agriculture to issue a directive to FSA and other agencies subject to NAD regulations that they have a legal duty to fully and promptly implement all final NAD determinations within 30 days.

As cited above, USDA agency heads are currently required by law[35] to "implement" a NAD decision within 30 days of an appeal, yet current FSA regulations do not require implementation of appeals decisions within the statutory timeframe. In the next farm bill, Congress should include report language that encourages the USDA Secretary to take a strong, visible stance in support of administrative review. The report language should make it clear to agency heads that thwarting or ignoring the NAD process will not be tolerated.

Congress should also mandate that USDA establish penalties for willful failure to implement NAD decisions that can be imposed on both agency heads and individual employees; and strict policies prohibiting USDA employees from retaliating against farmers because they exercise their right to appeal agency decisions. USDA agencies must be required to record and report length of time between all final NAD decisions and implementation of those decisions. Any implementation exceeding the 30-day requirement should be subject to appeal for failure to act.

Congress must prioritize addressing this longstanding issue in the next farm bill to ensure that USDA is not forcing farmers into a revolving process that results in loan denials and lost planting opportunities.

Direct the Secretary to review reports regarding implementation of NAD decisions, including the reasons for any failures related to implementing final determinations and conducting thorough and timely investigations.

The 2008 Farm Bill took a small step toward examining the scope of the NAD decision implementation problem. The head of each USDA agency subject to NAD appeals is required 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 also must be posted on the USDA website. The next farm bill should direct the Secretary to carefully review these reports and proactively investigate problems.

6. AUTHORIZATION LEVELS

Raise authorized funding levels for FSA loans to reflect actual demand.

In recent years, there has been far greater demand for both direct and guaranteed loans than is authorized under the 2014 Farm Bill, as reflected by the increased level of annual appropriations. This is due in part to the growing number of beginning, veteran, and direct-to-consumer farmers and ranchers who have entered farming over the past ten years, and who typically rely more heavily on FSA loans to help get them started farming. With over 75 percent of Direct Farm Ownership loans reserved for beginning and socially disadvantaged farmers and ranchers, it is essential that FSA continues to have the ability to provide credit to as many eligible borrowers as possible.

While Congress has been responding to this increased demand for FSA loan funding (across both the direct and guaranteed portfolios) by

35 7 U.S.C. § 6991-7002

providing increases in FSA loan accounts in annual appropriations legislation, there is a good government argument for re-aligning the authorization levels with actual appropriated levels. The last time FSA loan authorization levels were adjusted was in the 2008 Farm Bill, which increased the authorization for appropriations for direct farm operating loans to $850 million and for direct farm ownership loans to $350 million. The actual appropriations for both direct and guaranteed loan programs, however, have been considerably higher in recent years - $1.5 billion (direct ownership) and $1.3 billion (direct operating), reflecting growing demand.

The 2018 Farm Bill should update the FSA loan authorization levels to accurately reflect current appropriations so that appropriators are not appropriating at an amount that exceeds the total authorization. Suggested levels for new authorized levels would be at least: $2 billion (Direct Farm Operating Loans), $2.8 billion (Guaranteed Farm Operating), $1.5 billion (Direct Farm Ownership Loans), and $2 billion (Guaranteed Farm Ownership).

7. LOANS AND LOAN GUARANTEES FOR COOPERATIVES

Authorize Farm Service Agency (FSA) Farm Ownership, Farm Operating and Farm Storage Facility Loans to cooperatives of family farmers to share liability among coop members.

Currently, family farmer cooperatives are eligible to receive financial support through FSA lending programs but the liability for each FSA loan is attached in full to each individual of the cooperative rather than being shared among members. This defeats one of the primary purposes of cooperatives – to pool resources and share liability. The next farm bill should expand existing FSA loan programs to allow for shared liability among family farmer cooperatives.

F. RURAL DEVELOPMENT

Small and very small businesses, which create the vast majority of jobs in rural communities, are vital to addressing the current crisis by creating lasting economic opportunities and stemming outmigration; but starting and growing them isn't easy. USDA RD programs give farmers and rural entrepreneurs the tools and resources they need to create and sustain vibrant communities. The next farm bill must continue to invest in rural development programs, led by an Undersecretary and robust leadership team, to help farmers, ranchers, and other entrepreneurs tap the potential of local and regional food markets and value-added agriculture.

1. UNDER SECRETARY OF RURAL DEVELOPMENT

In 2017, USDA made a unilateral decision to eliminate the Department's Rural Development Mission Area and Under Secretary. This decision limits accountability, creates significant management gaps, and is ultimately bad for farmers, ranchers, entrepreneurs and rural communities.

Require USDA to have a Senate Confirmed Under Secretary of Rural Development.

Rural Development is a key player in addressing the needs of rural communities. The Rural Business-Cooperative Service created or saved over 52,000 rural jobs in fiscal year 2015 alone. Rural Utilities Service helped 5.5 million subscribers receive new unimproved electric facilities and 2.4 million receive new or improved water facilities. Rural Housing provided over 140,000 new home ownership opportunities in just fiscal year 2015. When it comes to critical infrastructure development, essential community facilities like health clinics and fire stations, and small business lending, Rural Development is often the only game in town. Without effective, well-run, and responsive rural development programs rural communities would assuredly suffer. Congress should stand up for rural America by reversing USDA's decision and reinstating the Under Secretary of Rural Development in the next farm bill.

2. RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM

The Rural Microentrepreneur Assistance Program (RMAP) provides loan capital and technical assistance grant funding to local and regional organizations that qualify as Microenterprise Development Organizations (MDOs), which in turn provide microloans and business development training and technical assistance to rural microentrepreneurs.

RMAP has been successful in supporting small-scale rural entrepreneurship, providing loans and grants to microenterprise develop organization which in turn provide training, business planning and market development assistance as well as fixed interest rate microloans to rural microentrepreneurs. The 2014 Farm Bill provided $3 million in mandatory funding per year to provide loan capital and technical assistance grants.

Reauthorize the program and provide $5 million per year in mandatory funding.

The program reached capacity and became oversubscribed in terms of available loan capital and technical assistance grants in fiscal year 2017; and that trend is expected to continue in fiscal year 2018. Reaching capacity means that the USDA is not be able to provide loan capital to additional qualified MDOs, which in turn means rural small businesses and entrepreneurs will not be able to access affordable capital. In light of low commodity prices, tightening international commodity markets, the general economic state of rural communities, and the fact that RMAP is the only lending program that is effectively reaching agriculture-related businesses with employees of less than 10, funding for RMAP is needed now more than ever. The next Farm Bill should include $5 million per year in mandatory funding.

3. REGIONAL FOOD ECONOMY PARTNERSHIP PROGRAM

By uniting public and private dollars and non-traditional and traditional financing entities, it should be possible to drive the transformation of regional food "enterprises" into regional food "economies." Existing and would-be farm and food entrepreneurs need greater access to financial capital. They can also benefit greatly from the non-profit sector lending intellectual capital, technical expertise, and network development services to food system and supply chain projects.

The farm bill and other federal legislation has created a plethora of programs that play a role, or could play a role, in a major investment strategy to increase public and private resources for regional food systems. Little has been done, however, to connect the dots and coordinate between the public and private sectors.

Establish a new competitive partnership program that uses existing USDA programs and funding to leverage outside investment, expertise, technical resources, and community relationships from NGOs, banks, the Farm Credit System (FCS), Community Development Financial Institutions (CDFIs), and private foundations to develop local and regional food systems projects.

A new Regional Food Economy Partnership Program (RFEPP) would advance the needle and help mobilize a new coalition of the willing. RFEPP would help build out the entire farm to fork continuum, including the aggregation, processing, and distribution issues, as well as retail, and would focus on local and regional food systems as an economic driver.

In creating RFEPP, the 2018 Farm Bill would advacne public-private partnerships, catalyze financial sector investment, and encourage targeted approaches, regional planning, multijurisdictional cooperation, and stakeholder engagement. Much like the Conservation Title's Regional Conservation Partnership Program (RCPP), RFEPP would pull its funding from a variety of existing programs, including loans, loan guarantees, grants, and technical assistance. As is the case with RCPP, partnership proposals would identify which of the underlying programs the project would use; also like RCPP, partners would be able to utilize a single, streamlined proposal process rather than having to apply through multiple programs' requests for proposals. Currently, regionally focused projects need to piece together the various public and private investments in a piecemeal way with funding cycles that are often unaligned and non-coordinated. There would also be a degree of regulatory flexibility built in to RFEPP so that project partners could innovate and not have to worry about following existing program rules "to the T."

4. APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AMERICA

Appropriate Technology Transfer for Rural America (ATTRA) was first created by the 1985 Farm Bill and is managed as a national program by the National Center for Appropriate Technology (NCAT). For decades, the ATTRA program has provided practical, cutting edge information on sustainable agriculture and food systems to farmers, extension agents, and others. In 2016, over 590,000 users accessed information from the ATTRA website, and roughly 47,000 people attended workshops or presentations in person. ATTRA has also served military veterans from 31 states through its Armed to Farm program.

The most recent farm bill did not make any changes to the ATTRA program. Funding provided for ATTRA is provided through USDA's Rural Business-Cooperative Service as part of the annual agriculture appropriations bill. This funding supports the informational and educational work of more than 30 staff assigned to the ATTRA program. NCAT, which is headquartered in Butte, Montana also has regional offices in Arkansas, California, New Hampshire, Texas and Mississippi.

Reauthorize the Appropriation Technology Transfer for Rural America.

Currently, ATTRA is authorized to receive $5 million per year, although the program has historically not received more than $2.8 million in appropriations in any given year. The next farm bill should reauthorize ATTRA to continue to receive up to $5 million per fiscal year in discretionary funding.

G. RESEARCH, EDUCATION AND EXTENSION

Research underpins every aspect of successful and viable farming, whether it's a fifth generation commodity producer looking to diversify their crop rotation, or a beginning farmer interested in tapping into the huge unmet demand for grassfed beef, or communities seeking to become more resilient to external disturbances. Farmers rely on publicly funded agricultural research to help develop solutions for the challenges they face in their fields every day. Publicly funded research also informs food system issues related to nutrition, food safety, climate variability, and public health, as well as a plethora of other social and environmental issues.

In comparison to the enormous opportunity that sustainable agriculture represents for farmers and rural communities, federal investment in sustainable agriculture research, education, and extension has been miniscule. Without robust funding for public research that promotes ecologically-based production systems, scientific and technical innovation is stifled, and U.S. farmers and ranchers are unable to fully participate in and benefit from emerging markets for sustainably-produced foods.

Significant gains were made in the 2008 Farm Bill and protected in the 2014 Farm Bill to increase research and extension funding for sustainable and organic agriculture, public plant and animal breeding, renewable energy and conservation, minority and beginning farmer outreach and development, agricultural and rural entrepreneurship, and food systems and public health.

Despite the gains, however, there is still a long way to go to both ensure farmers and communities have the knowledge and information they need to implement and maximize their sustainable and resilient agriculture systems, and protect these programs in the future. As Congress looks toward the next farm bill, scaling up research investments to address the complex and mounting challenges facing our agricultural system, should be a key priority.

1. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE

Organics have grown into a multi-billion dollar industry over the last two decades and are one of the fastest growing sectors of agriculture – the organic food sector has been creating jobs at four times the national average in recent years. However, a major challenge facing organic producers is the lack of sufficient, appropriate, and relevant research, education programs, and extension resources to help them meet the unique challenges of organic production and marketing. As a result, U.S. organic farmers have not been able to keep pace with consumer demand for organic food, and imports of organic food grown overseas are currently filling the gap. This represents missed economic and entrepreneurial opportunities that could be recaptured for U.S. farmers through increased research, education and extension for organic systems. A strong investment in research underpins growth in any sector, as all farmers – sustainable, organic, conventional, or otherwise – need cutting-edge research that is easily accessible and relevant to their farming systems.

The Organic Agriculture Research and Extension Initiative (OREI) helps fill the void of knowledge by supporting research projects that specifically address the most critical challenges that organic farmers face in their fields every day. OREI was first created in the 2002 Farm Bill thanks to the advocacy of organic farmers and consumers. Due to the program's early success and consistently high demand, the 2008 Farm Bill increased direct farm bill funding for OREI, providing $20 million each year to fund new and continuing projects, and the 2014 Farm Bill continued that funding level, which now must be reauthorized and supported in the next farm bill.

Reauthorize and provide $50 million in mandatory funding per year to establish permanent direct farm bill funding to ensure the continued investments and long-term support for organic agricultural research.

Over the past decade, OREI has invested millions of dollars into research that has helped farmers grow and market organic agricultural products and has helped to underpin the tremendous growth the organic sector has seen over the past ten years. With the pace of growth in the U.S. organic market share surpassing the commensurate federal research investments in organic agriculture, additional funding is urgently needed. And while dedicate organic research is a necessity for the growing numbers of organic farmers in this country, the benefits of research in soil health and organic pest management strategies extend far beyond just the organic sector and are invaluable research findings to the future of American agriculture writ large.

Unfortunately, due to Congress's inability to pass another farm bill on time, the program's authorization and funding expired on September 30, 2012, and no funding was available to support organic research for Fiscal Year 2013. While the 2014 Farm Bill did restore funding for the program at the same levels as the 2008 Farm Bill, no additional increases in funding were provided to make up for the missed year of organic research funding in 2013 and reflect the growth in the organic sector since the program was first created.

The 2018 Farm Bill should reauthorize OREI at no less than $50 million per year in order to establish permanent baseline for the program to ensure the continued growth, competitiveness and long-term success of the organic industry in the United States.

2. SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION PROGRAM

In order to meet future productivity challenges, farmers need cutting-edge research that is easily accessible and relevant to their farming systems, and takes advantage of farmer knowledge and innovation. The Sustainable Agriculture Research and Education (SARE) program remains to this day, the only USDA competitive grants research program with a clear and consistent focus on farmer-driven research. Farmers, ranchers, and rural business people direct SARE's research priorities, ensuring that the program is constantly responding to the research challenges that farmers and ranchers and rural America face. For nearly 30 years, SARE has been at the forefront of innovation in research and extension activities for profitable and sustainable farming systems.

The SARE program was first created in 1988 under its predecessor, the Low Input Sustainable Agriculture (LISA) program, and authorized in its current form in 1990. SARE is a competitive research programs that operates at a regional level, with two core program components. SARE's Research and Education program is outlined in Chapter 1 of SARE's authorizing language, and Extension activities (SARE Outreach and Professional Development Program) are outlined in Chapter 3. Chapter 1 also contains the Federal-State matching grant program, which has never been implemented.

SARE funding is divided and administered by four regional Administrative Councils that are coordinate with four regional host institutions and a National Coordinating Center. The four regional SARE programs (Northeast, Southeast, North Central, and Western SARE) manage several regionally-based grant programs, including the Research and Education (R&E) grant program, the Professional Development Program (PDP), Farmer and Rancher (F&R) grants, and the Graduate Student Grant Program. The National Center coordinates among the regions and administers the SARE Outreach program – a core component to the program's success and efficiency in making research results accessible to and ultimately adopted by farmers.

SARE's regional delivery structure ensures that local needs are met and all regions of the country benefit equally. And because of the program's priority on outreach, SARE research results are disseminated to farmers through and adopted in their fields at a much faster pace than traditional agricultural research – making the SARE program one of the most cost-effective and administratively efficient competitive research programs within USDA to this day.

a. Reauthorization and Funding

Reauthorize SARE at its current authorization of $60 million per year, and work toward mandatory funding for the program.

Despite SARE's popularity and demonstrated administrative efficiency, after nearly 30 years of proven research innovations and farmer-driven results, the program is still not yet funded at even half of its authorized amount. In FY 2017, SARE received $27 million in discretionary funding, which is still $33 million short of its $60 million authorization. As a result, USDA can fund only seven percent of eligible research and education pre-proposals.

Unfortunately, if this slow pace of growth in SARE funding continues, the program will not achieve its full funding authorization until nearly 2050. We cannot afford to delay investments in achieving practicable, farmer-driven solutions to the increasingly complex challenges facing agriculture today.

If direct farm bill funding is provided in the next farm bill, a portion of the funding should be set aside to support state-level sustainable agriculture research centers and long-term sustainable agriculture research projects, especially those that increase the resilience of agricultural systems and rural communities. Many states already have sustainable agriculture research centers within their land grant universities, but some states have yet to establish a center dedicated to addressing local and regional sustainability and resilience challenges.

Such long-term research should be focused on creating on-farm and in-community practices which increase resilience to climate and other external disturbances, including extreme weather, pest and disease pressures, and severe rain or drought. This new funding stream for state-level centers and long-term projects would replace the existing Federal-State matching grant program within SARE.

b. Administrative Councils

Increase NGO representation on SARE Regional Administrative Councils.

Currently the SARE statute requires the four regional Administrative Councils (AC) to include representatives of:

- Agricultural Research Service;
- National Institute of Food and Agriculture;
- State cooperative extension services;
- State agricultural experiment stations;
- Natural Resource Conservation Service;
- State departments engaged in sustainable agriculture programs;
- Nonprofit organizations with demonstrable expertise;
- Farmers utilizing systems and practices of sustainable agriculture;
- Agribusiness;
- State or United States Geological Survey; and
- Other persons knowledgeable about sustainable agriculture and its impact on the environment and rural communities

The SARE statute should be modified in the next farm bill to specifically require at least two non-profit organization members, as is already done in some regions.

The creation of SARE was driven by non-profit organizations that saw the need for a regionally focused, forward looking, and farmer driven sustainable agriculture research program at USDA. Non-profits that work with farmers and in the food system are able to bring a special perspective to regional AC's by being a conduit for the perspectives of a wide range of farmers and other grassroots constituencies. Many farmers have little time to directly participate on the AC, so as an alternative to increasing the number of farmer representatives, which would be extremely difficult, non-profit representatives can be a kind of proxy. While the NIFA, ARS, and extension representatives are on the AC to represent their agencies, the non-profit representative represents the views of all the non-profits in the region. This is a difficult task given the wide range of constituencies that non-profit organizations work with. The addition of a second non-profit representative, as is already done in some regions, will allow the AC's to represent a broader perspective of views.

c. Socially Disadvantaged Farmers

Direct each SARE Region to Staff a Position for Outreach to Socially Disadvantaged Farmers, Ranchers, and Researchers.

Dedicating staff for outreach to socially disadvantaged populations will increase the diversity of grant applications and allow SARE to better address the needs of these populations. Agriculture and USDA in particular has had a history of discriminatory practices, so it is important to be proactive about reaching communities that remain underserved. As an example, Southern SARE already has a position at Fort Valley State that supports outreach to socially disadvantaged farmers. Expanding this model to each SARE region will help ensure that SARE is seeking to be inclusive. This position would be funded from the increased funding provided by the farm bill.

d. Grant Types

Provide Authority for Planning Grants.

Non-profit organizations that work on the ground with farmers have a great interest in supporting farmer-led research. Likewise, SARE has the potential to be a great resource for this kind of non-profit driven research that directly addresses the concerns of and ultimately impacts the livelihoods of farmers on the ground. Since SARE was created, the top 10 land grant awardees have received over 700 SARE grants worth over $50 million; and in recent years, the percentage of SARE grants awarded to university research projects has increased from less than 80 percent in 2004 to nearly 90 percent in 2013 with a corresponding decrease in non-profit awards.

These funding trends are likely a result of the combination of (1) shrinking state funding, which has led universities to seek other funding sources to support ongoing faculty-led research, (2) the growing interest in sustainable agriculture research – both broadly and within the land grant university system more specifically – and (3) relatively stagnant SARE funding levels. While growing interest in sustainable agriculture research is a positive advancement, land grant universities have more sophisticated and increased capacity devoted to grant-writing and grant management, while non-profit organizations more often have fewer resources and less capacity to devote to grants management.

Other research programs, like NIFA's Organic Agriculture Research and Extension (OREI), have established Planning Grants in order to encourage and provide additional support to applicants that may not be ready or have the ability to submit a full application right away. Of the 16 planning grants awarded by OREI from 2009-2016, 14 resulted in full applications, of which, six have been funded so far.

In addition to reauthorizing and providing mandatory funding for SARE, the next farm bill should expand SARE and allow for a small amount of funding to be dedicated to planning grants targeted at lower capacity non-profit organizations to develop successful proposals and compete on a level playing field.

Create an "Education Only" grant program, or allow Professional Development Program (PDP) grants to be used to directly train farmers.

Across most regions, there is a common concern that while the SARE program has been successful in funding high-quality, innovative research projects as well as valuable "train-the-trainer" (PDP) projects, there is a gap in funding for educational projects that seek to educate farmers directly on sustainable agriculture research innovations and advancements in technologies.

SARE's Research and Education (R&E) grant program has been very successful over the past thirty years in funding cutting edge research projects. R&E projects are required to have both a research and an education element, but there is concern that the education side is not always given proper attention. Education is critical to ensuring that new research innovations are communicated to farmers and ultimately adopted in the field. Similarly, SARE PDP grants have been tremendously successful in training the trainers (such as Cooperative Extension Agents, NRCS field staff, and other professionals), but are not currently allowed to train farmers directly. As a result, there is a concern that, at least for R&E grants, SARE is not meeting its full potential to educate farmers.

The 2018 Farm Bill should address this gap in farmer education by creating an Education Only program within SARE to support organizations that provide education on sustainable agriculture topics to farmers. Alternatively, the PDP program could be modified to remove the restriction on training farmers.

Expand the Graduate Student Program to Fund Sustainable Agriculture Certificate Programs, Undergraduate work, and sustainable agriculture curriculum development.

SARE's Graduate Student Grant Program has been highly successful, awarding 600 grants to graduate students across the country since 2000. These small research grants have supported the pipeline of new agricultural researchers that will be necessary to solve future challenges. Additionally, SARE graduate student grants have served as a key resource for young scientists in conducting preliminary or smaller studies or data collection necessary to be successful competing for larger grant programs, such as AFRI or OREI. The next farm bill should expand the SARE Graduate Student Program to better foster additional educational and employment opportunities within the field of sustainable agricultural research.

3. AGRICULTURE AND FOOD RESEARCH INITIATIVE

Within USDA's research mission area, the Agriculture and Food Research Initiative (AFRI) remains the largest federal research program that provides competitive grants to both public and private researchers to solve pressing challenges facing farmers and society today.

Established in the 2008 Farm Bill and authorized to receive up to $700 million in annual appropriations, AFRI has grown significantly over the past decade. AFRI currently invests $375 million in annual agricultural research, education, and extension projects – primarily within land-grant universities and other research institutions.

When AFRI was established in the 2008 Farm Bill, it was the result of the consolidation of two earlier research programs: the Initiative for Future Agriculture and Food Systems (IFAFS) and the National Research Initiative (NRI). The 2008 Farm Bill expressly mandated key research areas for AFRI, which were in large part carried over from AFRI's predecessors. These include, among many others, (1) conventional breeding and development of improved livestock breeds and crop cultivars; (2) the biological and physical basis of sustainable production systems; (3) small and mid-sized farm efficiency and profitability; and (4) new approaches to rural development, including rural entrepreneurship.

In addition to increased investments through annual appropriations, there are several priority areas and statutory changes needed in the next farm bill to ensure AFRI fulfills its statutory mandate (7 U.S.C. 3157(k)) to support research that is consistent with the development of sustainable agricultural systems.

a. Priorities and Definitions

Expand the focus within AFRI to fund research on barriers and bridges to entry and farm viability for young, beginning, socially disadvantaged, veteran, and immigrant farmers and ranchers – including farm succession, transition, transfer, entry, and profitability issues.

See Section B "Increasing Farming Opportunity: Beginning Farmers and Ranchers" for additional details.

Clarify the definition of "conventional breeding," "public cultivar," and increase emphasis of AFRI-funded plant breeding on development of farmer-ready public cultivars.

See Section E "Securing Seeds for the Future: Public Plant Breeding Research & Development" for additional details.

Modify the "Bioenergy, Natural Resources, and Environment" priority area within AFRI to include projects that advance on-farm practices and systems to help farmers and ranchers mitigate and adapt to effects of climate change.

Current law includes six priority areas for AFRI research, one of which is Bioenergy, Natural Resources, and Environment. This priority area includes, among other issues, projects that address "global climate effects on agriculture." To date, projects funded within this sub-priority area have resulted in few if any specific practices or systems that farmers and communities can use to increase on-the-ground resilience to climate change. Instead, almost every project has had the goal of fine tuning various models of global climate change. Moreover, when projects have examined practical on-farm solutions to climate change, they have tended to focus on helping farmers better utilize data from climate change models.

If AFRI-funded research is to have an impact on mitigation and adaptation to climate change, it must be more focused on changing practices and introducing new systems on farms and in local communities. Modifying the "global climate effects on agriculture" priority area to read "global climate effects on agriculture, and on-farm practices and systems that mitigate and adapt to those effects" will help ensure that research funded through this priority area can provide critical practical benefits and actually be implemented on the ground.

b. Eligibility

Clarify eligibility criteria to ensure that each AFRI Request for Applications (including integrated programs) must be fully competitive and open to all eligible applicants.

In creating AFRI, the 2008 Farm Bill was very specific that a wide array of entities should be eligible to apply for and receive AFRI project grants. The eligible entities, specified in Section 7406 of the 2008 Farm Bill, include universities and colleges, agencies, individuals, non-profit organizations and other research institutions and organizations, as well as a combination of these entities.

Additionally, AFRI's authorizing language requires that at least 30 percent of total annual funding be used for integrated projects that include at least two of the three following project components: research, education, and extension activities.

The Conference Report for the 2008 Farm Bill reflects the congressional intent of these two provisions, and highlights the need for integrated research, extension, and education activities to stimulate entrepreneurship across rural America. However, due to a flawed interpretation of the underlying AFRI statute, USDA currently restricts 39 percent of AFRI's annual budget as an informal earmark for colleges and universities to conduct integrated research. This annual funding set-aside that is strictly limited to the competition of academic institutions, directly contradicts congressional intent and AFRI's authorizing language to establish the broadest, most comprehensive, and fully competitive research program that solicits the most innovative and forward thinking proposals form the widest variety of researchers and institutions.

As was the intent of Congress, competitive research should be just that – fully competitive in nature. The establishment of AFRI, along with the establishment of NIFA writ large, mirrored the congressional focus in the 2008 Farm Bill in prioritizing research that solicits competition among researchers and institutions to generate and fund the most innovative, relevant, impactful, and meritorious research projects. The merit of any AFRI research proposal should be the key deciding factor on whether or not that idea is funded, rather than the tax status or organizational structure of the entity conducting the research.

To this day, nearly a decade after AFRI was created, over $100 million of AFRI funding each year restricts competition to a limited number of academic institutions, despite the potential interest and innovative proposals that may otherwise be generated from the private, federal, and non-profit sector. Despite substantial stakeholder input, this issue remains unresolved in the most recent AFRI RFA, which continues to restrict "integrated projects" (those that include a research, extension, and/or education component) to only academic institutions, in stark contrast to the agency's statutory requirements.

This is an unfortunate missed opportunity that, if resolved in the next farm bill, would cast a wider net for potential solutions to the mounting challenges facing agriculture today. Addressing the problem would allow a wider diversity of partners to participate in these multifaceted projects to conduct the research and get the results out to the field where farmers and other stakeholders can benefit. Indeed, farmer organizations and other non-governmental organizations (who are currently prohibited from applying for AFRI integrated programs) are especially well qualified to conduct integrated projects that include applied and on-farm research, education, and outreach to deliver and increase adoption of research outcomes and innovations.

Nearly a decade after the establishment of AFRI, and with a new Farm Bill on the horizon, we urge Congress to rectify this long-standing issue by directing NIFA to seek proposals (in each RFA) for both integrated and single-function projects from the widest variety of stakeholders possible –

including academic and private institutions. This would be a win for farmers, and by making the program truly competitive, also a win for good government.

4. MATCHING REQUIREMENTS

Under the 2014 Farm Bill, certain types of institutions such as other agencies and non-profit organizations are subject to a matching grant requirement. The provision established an across the board 1:1 matching requirement for all competitive grant programs that involve applied research or extension that are either commodity or state specific.

The bill also did not remove the various existing matching grant requirements for specific program authorizations; rather it superimposed this global requirement on top of the underlying program-specific provisions.

This provision originated with an effort begun during the development of the 2008 Farm Bill. At the time, it was noted that as research programs have been modified, the incorporation of requirements for matching funds was done in an arbitrary manner. An effort was initiated during the 2008 Farm Bill conference to harmonize the matching requirements; but due to the complexity of the task and the lack of time, the effort was dropped in exchange for a request for USDA to initiate a stakeholder process designed to provide recommendations to the Congress in advance of the 2012 Farm Bill. Despite repeated reminders of this request, USDA never followed through.

Eliminate universal matching grant requirement that was established in the 2014 Farm Bill.

The universal match requirement creates a barrier to entry that hinders competitiveness within research programs. If NIFA is to be regarded as a first-class federal science agency on par with the National Science Foundation or the National Institutes of Health, then provisions that hinder that goal by erecting barriers that no other federal science agency would erect must be eliminated.

Moreover, the 2014 Farm Bill exempts certain entities, particularly Land Grant Universities from the universal match requirement, thereby creating an un-level playing field that severely disadvantages other non-profit organizations. Cherry-picking which institutions should be exempt and which ones should not defeats the purpose of a competitive grant program. Entities must be able to compete on a level playing field to ensure that the best projects are being funded. Federal research programs should support the best scientific research that advances national research priorities, regardless of which institution is performing that research.

5. REORGANIZATION AND CONSOLIDATION

Proposals have been floated in advance of the farm bill that recommend consolidating the four agencies (Agricultural Research Service, National Institute for Food and Agriculture, Economic Research Service, National Agricultural Statistics Service) within the Research, Education and Extension (REE) mission area of USDA and/or consolidating some or all competitive grant programs within NIFA into AFRI.

Strengthen the Office of the Chief Scientist by adding staffing and funding to the office to advance strategic coordination, planning and evaluation, but oppose any attempts to create a single super agency, to reduce the role of ARS or Extension, or to move ERS or NASS out of REE.

There is an urgent need to increase funding and support for agricultural research, including especially cutting edge work in sustainability, resiliency and agro-ecological systems. One way to help build greater support for agricultural research funding is to strengthen the office and the function of the REE Under Secretary who also serves as the Chief Scientist. The 2008 Farm Bill established on office under the Chief Scientist to do the important work of coordinating between the agencies, setting budget priorities, and doing the critical planning and evaluation functions that ensure the entire system works to maximize the bang for the buck in terms of federal investment in public research.

However, staffing for the office has fallen far short of the vision established by the 2008 Farm Bill. Now, ten years later, it is time to fix the problem and create an adequate, permanent staff for the Office of the Under Secretary. We believe this important step will allow the four agencies to coordinate more closely and reduce any redundancy or inefficiency that might remain in the system. In our view, going further and actually consolidating the agencies would set back the effort to gain increased public support and investment and mire the agencies in time-consuming bureaucratic activities for no particularly obvious purpose.

Do not consolidate farm bill funded competitive grant programs into AFRI.

The Specialty Crop Research Initiative (SCRI) achieved permanent mandatory funding status in the 2014 Farm Bill. The 2018 Farm Bill should provide the other two farm bill-funded competitive grants programs – BFRDP and OREI - with the same permanent funding status. Such a farm bill investment would be a tremendous down payment by the Agriculture Committees toward the goal of doubling REE funding in the coming years. In addition, the next farm bill should strengthen the SARE, ORG, and IPM competitive grant programs that rely upon annual appropriations for their funding. The 2018 bill could also express congressional support for doubling total REE funding in the near future.

SARE, IPM, ORG, OREI, BFRDP, and SCRI all play very important and distinct roles in agricultural research, education, and extension. These highly successful, high demand programs each work to achieve very specific goals with relatively limited funding. Each was also established when Congress realized there was little or no funding otherwise being made available for their particular missions, despite wide public support.

The intent of each of these competitive grant programs would get diluted, if not lost entirely, were they to be merged with AFRI. Each of them, in fact, would require substantial statutory changes within AFRI in order to function effectively, which in turn could make AFRI itself more complicated and cumbersome. By grouping all of these programs into one competitive grant program, each of the smaller programs may not receive the funding that they need to achieve their statutory goals. All of the smaller programs are in high demand and only a small proportion of grant requests are funded, leaving researchers without funds to pursue extremely valuable projects. We therefore urge Congress to concentrate on increasing farm bill funding for the existing competitive grant programs and strengthening policy as suggested elsewhere in this platform, rather than wasting time on unnecessary and unworkable consolidations.

6. EXTENSION LOCAL AND REGIONAL FOOD SYSTEMS DEVELOPMENT

While many state Extension specialists have been providing technical assistance and related activities to help facilitate and support the development of local and regional food systems throughout the country, those efforts have been conducted without explicit statutory authority. In states where Extension services have engaged in local and regional food systems development, it has been done utilizing broad authorities to support small farms and rural development.

Provide clear authority to extension services to provide technical assistance and related activities to facilitate and support the development of local and regional food systems.

Providing clear statutory authority would enable extension services throughout the country to put more time and resources into facilitating the development of local and regional food enterprises, including mid-tier value chains and the development of enterprises for manufacturing value-added agriculture products.

H. ENERGY TITLE

1. RURAL ENERGY FOR AMERICA PROGRAM

Rural Energy for American Program (REAP) is a program administered by USDA's Rural Business Cooperative Service that provides grants and loans to farmers and businesses for energy efficiency improvements. These types of improvements include: purchase of wind, solar or other renewable energy systems. In addition the program provides grants to help farmers with energy audits and renewable energy development. REAP has worked to support thousands of rural businesses to save energy and improve their operations by installing renewable energy systems and energy efficiency solutions.

Despite increasing program funding significantly, the 2014 Farm Bill removed a provision that authorized USDA to provide grants to farmers or rural small businesses to conduct feasibility studies for potential REAP projects. The previous farm bill had authorized USDA to spend up to 10 percent of the funds available for renewable energy systems procurement and energy efficiency upgrades on feasibility studies.

Reinstate the provision that authorizes USDA to provide REAP grants to farmers or rural small businesses to conduct feasibility studies.

Feasibility studies provide a wide range of benefits and can increase the success of future projects. They help farmers and small businesses determine whether or not energy equipment upgrades or procurement are worth the investment for their operations. They help test the viability and technical feasibility of a potential project while also helping to plan it.

Renew prohibition on using REAP funds to subsidize ethanol blender pumps at gas stations.

The purpose of REAP is to empower farmers and small rural businesses to reduce energy costs and produce their own renewable energy. Yet, in years past, USDA made the decision to use REAP funds to subsidize ethanol blender pumps at gas stations. The 2014 Farm Bill conference report stopped the gas station subsidy by clarifying that the use of REAP funds for blender pumps is not consistent with the purposes of the program. The next farm bill should renew this prohibition and ensure that REAP focuses on farmers and small business owners.

2. BIOMASS CROP ASSISTANCE PROGRAM

Sustainable biomass (plant material, vegetation, and agricultural waste) for renewable energy production can be extremely valuable to farmers and society in general. Thanks to the Biomass Crop Assistance Program (BCAP), farmers are able to receive funding to offset some of the cost of

experimenting with growing crops for bioenergy production. BCAP is intended to promote the cultivation of bioenergy crops that show promise for producing highly energy-efficient, advanced bioenergy or biofuels, and to develop those new crops and cropping systems in a manner that preserves natural resources.
The program, which is administered by USDA's Farm Service Agency, incentivizes farmers to cultivate advanced bioenergy feedstocks and connects producers with local refineries. The program helps the industry overcome the issue of inadequate biomass availability, which has limited private sector interest in cellulosic biofuel.

BCAP has two components: payments for the establishment and production of perennial biomass for advanced bioenergy, and payments for the collection, harvest, storage and transportation (CHST) of biomass. Since the program's creation, USDA has focused this second piece of the program, also known as matching payments, primarily on corn stover and woody biomass. The 2014 Farm Bill dictates that between 10 percent and 50 percent of program funding must be spent on CHST.

Limit funding for collection, harvest, storage, and transportation of biomass to no more than 10 percent of total BCAP funding.

While collection, harvest, storage, and transportation of biomass can help farmers and foresters more efficiently connect with refineries, the removal of crop residue, which is considered a workable biomass for renewable energy, poses serious environmental threats. After harvesting crops, the remaining plant residue acts as a way to increase soil health, prevent erosion, increase water quality, help with nutrient management, and act as a natural control for weeds.

When not managed properly, the removal of these residues degrades soil health and other natural resources. In fact, several federal programs provide financial assistance for practices that increase crop residue retention on the land due to the aforementioned benefits. This contradictory use of funds is imprudent and conflicts with the overarching goal of BCAP – to support the sustainable production of advanced bioenergy. Funding for CHST should therefore be kept to a minimum to ensure that the benefits of biomass removal can be realized, without using taxpayer money to promote environmentally negligent practices.

In order to encourage a transition from corn and stover-based ethanol production to ethanol made from perennial energy crops like grasses and willows, the next farm bill should dictate that no more than 10 percent of BCAP funding shall be spent on CHST, also known as matching payments.

I. HORTICULTURE AND NUTRITION

1. FARM TO SCHOOL

Expand and improve the USDA Farm to School Grant Program to include early education and summer feeding programs; increase access to farm-fresh and traditional foods among tribal communities; improve program participation from beginning, veteran and socially disadvantaged farmers; and provide $15 million in mandatory funding per year.

Ensuring that kids have access to healthy and locally produced food helps instill healthy eating habits and agricultural literacy in the next generation, while also supporting the local farming economy. Since 2012, the Farm to School Grant Program, administered by USDA's Food and Nutrition Service (FNS), has provided up to $5 million in grants each year on a competitive basis to schools, nonprofits, state and local agencies, agricultural producers, and Indian tribal organizations to increase local food procurement for school meal programs and to expand educational activities on agriculture and food.

Congress failed to renew the Child Nutrition Act – the standard authorizing legislation for Farm to School – in 2015 when the Act was up for reauthorization. As a result, the program was left in limbo without an opportunity to make important updates and improvements. With the Child Nutrition Act reauthorization on hold for the foreseeable future, Congress should use the next farm bill to make needed improvements and increase funding for the Farm to School Grant Program.

The first years of life are formative for developing healthy eating habits, and farm to preschool starts kids on the right path. In the next farm bill, Congress should expand the scope of the program to include early childcare and education settings. The program's scope should also be expanded to include summer food service program sites and afterschool programs. These provide meals to millions of children in low-income areas, ensuring access to nutritious meals after school lets out.

Native American communities face disproportionately high rates of obesity and Type 2 diabetes. The next farm bill should expand the program by encouraging farm to school partnerships between tribal schools and tribal producers will increase consumption of nutritious traditional foods while also supporting Native farmers and ranchers.

Demand for the program exceeds available funding by more than five times. The next farm bill should address these needs, and continue to expand upon the successes of this highly impactful program by providing $15 million in mandatory funding per year.

2. COMMUNITY FOOD PROJECTS

Reauthorize the program and provide $10 million per year in mandatory funding.

Increasing access to healthy, local food and improving food security works best when communities are able to develop their own solutions, based on local knowledge, assets, and needs. The Community Food Projects Competitive Grants Program (CFP) awards grants to eligible nonprofits, tribal organizations, and food program service providers to promote self-sufficiency and food security, address specific needs, and provide comprehensive, community-based solutions in low-income communities.

CFP was established in the 1996 Federal Agriculture Improvement and Reform Act and has been reauthorized in every subsequent farm bill. The 2014 Farm Bill provided the program with $9 million in mandatory funding per year starting in FY 2015, nearly double its $5 million funding level provided by the 2008 Farm Bill. CFP has increasingly been an important tool in supporting the growing urban agriculture movement in America's cities and towns and continues to be a popular program. Recognizing the importance of supporting sustainable and lasting efforts to address food security at the local level, the next farm bill should provide the program with additional resources.

3. COMMUNITY SUPPORTED AGRICULTURE

Revise the current Supplemental Nutrition Assistance Program (SNAP) Retail Food Store definition, and direct USDA to conduct a rulemaking to make it easier for community supported agriculture (CSA) operations to accept SNAP.

Over the past 5-10 years, small-diversified direct marketing farms have been increasingly interested in being authorized and equipped to accept SNAP benefits. This has been motivated by both a desire to improve access to fresh healthy locally and regionally produced food, and a recognition of the market opportunity that the multi billion dollar SNAP program represents.

Driven by this growing interest, the 2014 Farm Bill made a small change to the definition of a "retail food store" that was geared towards making it possible for CSA farms to accept SNAP Electronic Benefit Transfer (EBT) payments; but the implementation of that by USDA's Food and Nutrition Service (FNS) has been inadequate and insufficient. FNS's current policy is to allow a CSA farm or similar operation to take payment for the food up to two weeks in advance. This is incongruent with the traditional CSA model where individuals or households pay for a season's worth of food (often referred to as a share or membership) in advance at the beginning of the season, providing farmers with an upfront infusion of cash; in return, those members or share-holders receive a consistent source of fresh local food throughout the season direct from the producer at below retail prices. FNS's maximum of two week advance payment policy and its in-congruency with the traditional CSA model is an issue that has surfaced many times over the last year or two in discussions with CSA farms and other key stakeholders.

In FY 2016, FNS announced plans to conduct a rulemaking and comment period regarding the acceptance of SNAP benefits through CSA programs, but that stalled prior to the administration transition. The Food and Nutrition Act of 2008 should be amended in a manner that provides clear direction to USDA to develop rules and regulations to allow farms to accept SNAP for CSA shares/membership in a manner that is congruent with the traditional CSA model.

4. EBT TECHNOLOGY FOR DIRECT MARKETING

Revise Mobile Technologies pilot to authorize pilot projects for testing and developing technology to allow the use of multiple types of nutrition assistance benefits and nutrition incentives, and to test innovative models for program administration and implementation.

In the mid-1990s, SNAP, formerly known as food stamps, transitioned from a paper to an EBT system. This change left direct market farmers on the wrong side of the digital divide. In the initial years following the transition, SNAP purchases from direct market farmers and at farmers markets steadily declined, primarily due to a lack of equipment and technology to accept and process the electronic benefits. Sales have since rebounded but direct market farmers have continued to struggle with bridging the digital divide. Adding another layer of complexity, SNAP incentive programs, such as "double-value coupons" have emerged as an important and successful approach to improving access to healthy local food for underserved communities.

SNAP and related approved EBT technology and program implementation has fallen short in making the acceptance of SNAP, nutrition incentives, and other nutrition benefits easy and cost-effective for direct market farmers. As a result, only higher capacity and more adequately resourced farmers markets generally accept benefits and incentives. USDA-FNS needs to take a proactive approach and invest in developing and approving technology that allows the acceptance of multiple benefits and incentives that also meets their security standards and requirements. The next Farm Bill should include resources and direction to ensure that efforts to modernize EBT technology and program administration take a proactive approach and address both current obstacles plaguing direct market farmers and prospective obstacles caused by the planned future transition of the Women, Infants, and Children (WIC) program to an EBT system.

The 2014 Farm Bill included a provision authorizing FNS to conduct a number of related pilots; however, to date, those efforts have been unsuccessful and inadequate. The 2014 pilot provisions also did not include the full suite of benefits and incentive programs that are now available to underserved communities and direct market farmers.

Furthermore, many in the local food and direct marketing community are concerned about the pending future switch of WIC to EBT and see a need to be proactive rather than reactive. When SNAP transitioned to EBT, little attention was paid to the needs of direct market farmers and as a result the community has been playing catch up on SNAP-EBT ever since. The next farm bill should expand the existing pilot language to more accurately reflect the needs of the sector and initiate a new round of pilots that would support the development of the needed technology and program implementation.

5. NATIONAL AGRICULTURE CLEARANCE PROGRAM (FARM TO FOOD BANK)

Create a new competitive grant program that would provide funds to emergency feeding organizations and similar entities/programs to procure (purchase, pick, pack-out and/or transport) fresh produce directly from farmers; provide $5 million per year in mandatory funding.

The concept of gleaning un-harvested crops that were not economically profitable to harvest from a farmer's field is as old as the Bible. Since ancient times, gleaning has been promoted as an early form of nutrition assistance for low-income families. Today the concept of providing un-harvested below grade or excess crops to under-served communities has continued.

Recognizing the critical importance of fresh fruits and vegetables to a nutritious diet and the potential social and economic impacts of local and regional food system development, emergency food system stakeholders have increasingly turned to gleaning concepts in developing new ways to get fresh produce into the emergency food system. Whether it is "Plant a Row for the Hungry" initiatives, collecting unsold produce at the close of a farmers market, or state programs like the Ohio Agricultural Clearance Program that purchases excess and/or below-grade produce from producers; farmers and emergency food systems stakeholders are increasingly working together to support the creation of more equitable local and regional food systems. Organizations concerned with food waste are also increasingly looking to similar initiatives as way to reduce food waste while addressing food insecurity and building new markets for farmers.

While some emergency feeding organizations have been able to utilize existing federal resources in an ad hoc manner to support such efforts, they often rely on the altruism of farmers in picking, packing, transporting and providing the fresh produce. For farmers there are significant labor and transportation costs involved in donating excess and below-grade produce to emergency feeding organizations and similar entities.

The next farm bill should create a small competitive grants program to support the harvesting, packing, transportation and purchase of fresh, below-grade or at-grade surplus produce directly from agricultural producers, agricultural producer groups or farmers markets for distribution to food insecure households and individuals. This change would be a win-win-win for producers, food insecure households and food waste reduction efforts. These resources could also leverage increased private philanthropic investments and accelerate the establishment and maturation of related farm-to-food bank programs.

6. HEALTHY FOOD FINANCING INITIATIVE

Expand the USDA portion of the Initiative beyond strictly retail to include supply chain elements with a rural focus, and add a priority for projects that involve veterans and veteran owned businesses or producers.

Existing statute does not explicitly allow USDA to fund supply chain projects related to aggregation, processing, storage, and distribution infrastructure through Healthy Food Financing Initiative (HFFI). Instead, HFFI funding has mostly been limited to grocery store projects. However, because rural populations are much smaller than urban populations, and because those populations continue to decline, there are significant financial risks associated with establishing grocery stores in rural areas.

Expanding HFFI to also include supply chain elements gives it the flexibility to maintain appropriate levels of risk while meeting the unique economic needs and opportunities in rural communities.

7. ORGANIC TRANSITION INCENTIVE PROGRAM

The next farm bill should create an Organic Transition Incentive Program (OTIP), administered by USDA's Farm Service Agency (FSA), to provide technical and financial assistance to farmers and ranchers transitioning to organic production.

Organic production in the U.S. and around the world depends in large part on USDA's National Organic Program (NOP), which sets organic standards and guides organic certification. The next farm bill should maintain a strong NOP to ensure transparency, accountability, and trust in the organic seal. It is in part because of this trust and transparency that demand for certified organic products has grown so rapidly. Unfortunately, domestic supply has been unable to keep up with the growth in demand. The next farm bill is an opportunity to help address this gap by supporting farmers and ranchers who wish to transition to organic production.

Transitioning to organic production takes time, knowledge, and financial resources; and for many, this stands as a significant barrier to making the switch to organic. While the current farm bill offers programs to help transitioning farmers adopt conservation practices and offset the cost of securing an organic certification, it does little to assist farmers in learning and adopting organic production systems.

Technical assistance opportunities through the program should include conservation planning, mentorship support, business planning, or other training to ensure that participants have the knowledge and support they need to learn a new production system. For participants transitioning for the first time, complementary financial assistance should also assist producers during the period when they take on significant costs but do not yet have access to the organic marketplace. If an applicant has land already in certified organic production and is transitioning additional land to organic within the same scope, the program would provide only the financial support.

The objective of this coordinated support is to provide the start-up resources, tools, and knowledge that participants need when first getting started, plus modest financial support to help get through the transition period; thus farmers and ranchers would only be eligible to participate in the transition program once.

8. SPECIALTY CROP BLOCK GRANT PROGRAM

Continue the Specialty Crop Block Grant Program at its current funding level.

Specialty crops have benefited from federal marketing and research programs, but historically have not had a direct aid program within the farm bill. The Specialty Crop Block Grant Program (SCBGP) addresses the desire for greater federal resources to support fruit and vegetable producers by providing grants to state departments of agriculture to support projects that enhance the competiveness of specialty crops. SCBGP funds can support a wide array of projects such as value-added processing businesses, food hub development, farmer food safety training, farmers markets and farm to school initiatives. The next farm bill should continue SCBGP and provide funding for the program at its current level.

9. GOOD AGRICULTURAL PRACTICES AND GOOD HANDLING PRACTICES AUDIT SERVICES

Conduct a report on the ability of the USDA Good Agricultural Practices/Good Handling Practices (GAP/GHP) to maintain solvency while staying accessible and affordable for small-scale producers, including a consideration of alternatives to raising fees.

As FDA implements the Food Safety Modernization Act (FSMA) and buyer demand for food safety certification continues to grow, produce growers and handlers are facing both market and regulatory pressure for food safety compliance. Over the years, the USDA GAP/GHP audit program has provided a valuable, cost-effective, and accessible audit service, particularly for small and mid-sized operations. Given this important role that the GAP/GHP audit program has played in helping smaller-scale operations access new markets, it is critical that the program maintain solvency while staying affordable for the end user, particularly during these first few years of FSMA compliance.

Farms are already facing costs of compliance with the new FSMA rules – costs which fall disproportionately on smaller operations – and a concurrent increase in the costs associated with USDA GAP/GHP audits will only exacerbate an already challenging situation for our nation's family farmers. To ensure that this valuable user-fee program can stay solvent and relevant, the farm bill should direct USDA to conduct a study and issue a report that assesses the current and projected financial status of the program and considers various options for meeting any projected financial shortfalls, including alternatives to raising fees for the end user.

10. ORGANIC DATA INITIATIVE

Provide $5 million in mandatory funding for the Organic Production and Market Data Initiatives (ODI) over the course of the farm bill.

Organic farmers and ranchers, like conventional farmers and ranchers, need sound market data about the agricultural products they produce so that they can make informed planting and marketing decisions. USDA has historically provided a robust amount of information for many agricultural products produced with conventional methods; however, the collection and distribution of data on organically produced products is still quite nascent.

ODI is a multi-agency initiative that helps address this gap by facilitating the collection of organic market information, including price data, and survey, analysis and reports relating to organic production, handling, distribution, retail, and trend studies including consumer purchasing patterns.

The 2014 Farm Bill provided $5 million in mandatory funding for ODI over the life of the farm bill; however, USDA is unlikely to have any money remaining for the Initiative after 2018, meaning that ODI will need new mandatory funding in order to continue.

ODI is important for a number of reasons. First and foremost, farmers and ranchers in the U.S. have been unable to keep pace with the growing demand for organic products; ODI can help address this by providing producers a window into market dynamics and opportunities. In addition to impacting producers the lack of data has also limited the ability of USDA's Risk Management Agency to expand organic crop insurance offerings. In order to help farmers and ranchers keep up with changes in the market, and to ensure that USDA programs function efficiently, effectively, and equitably, the next farm bill should provide sufficient mandatory funding for ODI.

J. MISCELLANEOUS

1. SMALL, VERY SMALL, NICHE, AND CULTURALLY APPROPRIATE MEAT AND POULTRY PROCESSING

Direct Food Safety and Inspection Service (FSIS) to provide guidance for very small and certain small establishments that slaughter and process meat and poultry; direct USDA to develop a report analyzing steps that can be taken to better meet the needs of small and culturally appropriate meat and poultry processing; and establish a related stakeholder advisory group.

The bottleneck that independent small and mid-size farmers and ranchers face regarding access to processing facilities is limiting growth in local and regional food economies and cutting into producers' potential profits. Opening a related processing facility that would service these producers is an extremely complicated and costly endeavor for which there is limited support coming from USDA. Financing the creation of such processing facilities is one major barrier; another is figuring out how to comply with all the various and applicable rules and regulations. These provisions seek to provide additional guidance for the types of processing establishments that could step in and create additional processing options for small and mid-sized farmers.

V. INDEX OF PROGRAMS BY TITLE

The National Sustainable Agriculture Coalition is an alliance of over 100 grassroots organizations that advocates for federal policy reform to advance the sustainability of agriculture, food systems, natural resources, and rural communities.

110 Maryland Avenue NE, Suite 209
Washington, DC 20002
202-547-5754 phone
http://sustainableagriculture.net

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