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Lyons, NE 68038 pop. 963

# 2008 Farm Bill

Colorado Agriculture Big & Small  
Conference & Trade Show  
February 18 - 21, 2009



## Overview

- Big Picture: What were the essential changes in the Farm Bill?
- **Some Important Titles and Programs**
- Conservation Title
- Specialty Crops
- Organics
- Local Food Systems
- Beginning Farmers
- Rural Development

# The 2008 Farm Bill

## More than Just the Farm

- ◆ Commodity Programs
- ◆ Conservation
- ◆ Trade
- ◆ Nutrition
- ◆ Credit
- ◆ Rural Development
- ◆ Research and Related Matters
- ◆ Forestry
- ◆ Energy
- ◆ Horticulture and Organic Agriculture
- ◆ Livestock
- ◆ Crop Insurance and Disaster Assistance Programs
- ◆ Commodity Futures
- ◆ Miscellaneous
- ◆ Trade and Tax Provisions



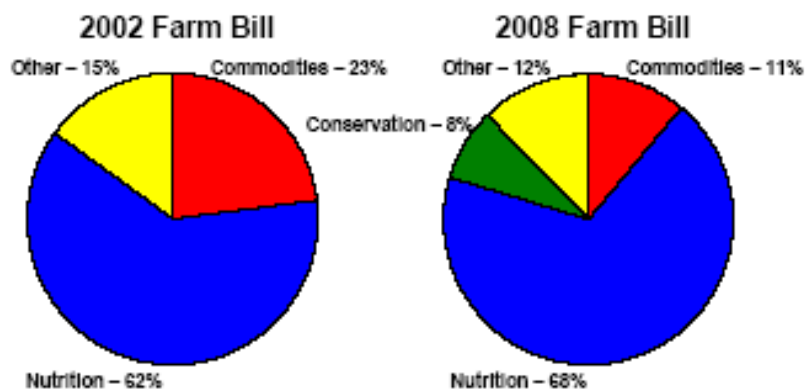
United States Department of Agriculture

America's Farm Bill

2008

# The Budget Picture

## U.S. Farm Bill Spending by Category



## Continued Support.....

- The 2008 Farm Act continues many of the commodity programs, adjusting payment levels and eligibility, while introducing a average crop revenue election program.
  - The Act introduces a permanent disaster assistance program and adjusts some details of existing crop insurance program.
  - Provisions for beginning and socially disadvantaged farmers and ranchers are integrated throughout the Farm Bill.

## Conservation Programs

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- Conservation Stewardship Program (CSP)
- Environmental Quality Incentives Program (EQIP): Organic Conversion Subprogram
- Cooperative Conservation Partnerships Initiative (CCPI)
- Conservation Reserve Program Transition Option

## **Conservation Stewardship Program (CSP)**

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- Comprehensive working lands conservation program designed to protect and improve natural resources and the environment.
- Provides technical and financial assistance to farmers and ranchers to actively manage and maintain existing conservation systems and to implement additional conservation activities on land in agricultural production.
- Administered by the Natural Resource Conservation Service

## **Conservation Stewardship Program (CSP): 2008 Farm Bill Changes**

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- Nationwide versus watershed by watershed.
- Continuous sign-up process.
- Ranking system to determine who will receive a contract.
- Tiers have been eliminated
- Contracts will now be 5 years in length and a \$40,000 payment limit.
- Enroll nearly 13 million acres each year
- 5% is set-aside specifically for beginning farmers and ranchers

### **Conservation Stewardship Program (CSP): Eligibility**

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- Private agricultural land is eligible, including:
- To be eligible, farmers and ranchers must meet the “stewardship threshold” for one priority resource of concern.
- At a minimum, farmers and ranchers must meet or exceed the “stewardship threshold” for at least one additional priority resource concern by the end of the 5-year contract.

### **Conservation Stewardship Program (CSP): Ranking Criteria**

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1. Extent of baseline conservation at time of enrollment;
2. Ability of new conservation activities to address the priority resources and improve them above that baseline level;
3. Total number of priority resources concerns are addressed above and beyond the stewardship threshold;
4. Ability to address additional resource concerns to improve them;
5. Extent to which environmental benefits are provided at the least cost

### **Conservation Stewardship Program (CSP): Payments**

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- Maintaining and improving current conservation and new conservation practices
- Costs incurred for the planning, design, materials, installation, labor, management, maintenance or training;
- Income forgone by the farmer or rancher; and
- Expected environmental benefits
- Farmers who are willing to adopt resource-conserving crop rotations that include cover crops, forages, green manures, and the like will receive additional supplemental payments.

### **Conservation Stewardship Program (CSP): How Does it Work for Organic**

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- ✓ Resource-conserving crop rotation
- ✓ Emphasis in the ranking criteria on comprehensive resource and environmental farming systems
- ✓ USDA required to provide appropriate outreach and technical assistance
- ✓ USDA also required to create a transparent process that allows organic farmers and ranchers to coordinate organic certification process with the CSP process.

## **Environmental Quality Incentives Program (EQIP)**

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- Conservation cost-share and incentives based program that assists farmers and ranchers with the installation of conservation-based practices and farming systems.
- Administered by the Natural Resource Conservation Service

## **Environmental Quality Incentives Program (EQIP): 2008 Farm Bill Changes**

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- Incentives to **transition to organic production** (those just transitioning as well as those transitioning additional acres;
- Special provisions for **beginning and socially disadvantaged farmers and ranchers** include:
  - ✓ 10% of total funds set-aside to fund applications from these groups (5% for each);
  - ✓ Up to 90% cost-share or at least a 25% greater cost-share for these participants. 30% advanced payments

## **Environmental Quality Incentives Program (EQIP): Organic Incentives**

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- To participate in the organic incentive provision, farmers or ranchers need to:
  - ✓ Develop and implement an organic systems plan
  - ✓ Become certified at the end of the third year
- Farmers and ranchers can receive up to \$20,000 per year or no more than \$80,000 per year.

## **Cooperative Conservation Partnerships Initiative (CCPI)**

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- Supports special local and regional conservation projects that involve groups of farmers or ranchers in partnership with USDA, farm, conservation and other non-governmental organizations.
- Reserves 6% of the total funds or total acres from the Conservation Stewardship Program, Environmental Quality Incentives Program and the Wildlife Habitat Incentives Program

## **Cooperative Conservation Partnerships Initiative (CCPI)**

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- 90% of the funding will be handed down to the state level Natural Resource Conservation Service (NRCS)
- State Conservationist, in consultation with the State Technical Committee, will make decisions on which projects get funded.
- Could be a good fit to work with a group of farmers or ranchers that want to transition to organic
  - ✓ Example used in the “Statement of the Managers” in the 2008 Farm Bill Conference Report provides an example focused on such a project.

## **Conservation Reserve Program Transition Incentive**

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- Provides two-years worth of additional CRP payments to landowners/contract holders that sell or provide long-term lease under this provision (family members excluded).
- New farmer can gain access to land in last year of contract and begin conservation and land improvements, as well as organic certification.
- New farmer will be provided opportunity to enroll the land in the Conservation Stewardship Program or the Environmental Quality Incentives Program.

## **Beginning Farmer Provisions**

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- **Land Contract Guarantee Program**
- **Direct Farm Ownership and Operating**
  - Maximum loan of \$300,000 for each program
  - 75% of ownership loans set-aside for beginning farmers or ranchers
  - 50% of total Direct Operating Loans set-aside for beginning farmers and ranchers
- **Guaranteed Ownership and Operating**
  - 40% set-aside for beginning farmers and ranchers

## **Beginning Farmer Provisions**

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- **Down Payment Loan Program**
  - 5% down payment,
  - FSA provides 45% of the purchase price, not to exceed its appraised value or 500,000, which equates to a maximum loan amount from FSA of \$225,000,
  - 20 year loan,
  - Interest is 4% lower than regular FSA direct farm ownership loans and cannot be less than 1½%

## Beginning and Young Farmers

- New technical assistance, education and outreach funding program
  - For academics, but emphasis on working with NGOs and community organizations
- Greater funding levels and higher profile funding program suggest renewed emphasis on slowing or reversing the aging farm demographic
  - Limited resource and socially disadvantaged populations targeted as well.

## Research provisions

- National Institute for Food and Agriculture
- New structure to coordinate research, education, and extension programs
  - Most research funding becomes competitively awarded.
- New research initiatives established for:
  - Specialty and organic crops,
  - Bioenergy,
  - Nutrition, and
  - Honey bees and other pollinators.

## Rural development and energy

- New rural development program will support rural entrepreneurs.
- Rural development programs continue to emphasize business and economic development and enhanced infrastructure,
  - Especially for health care and communications systems.
- Value-added agricultural activities are supported
  - Including renewable energy and locally and regionally produced agricultural products also receive greater attention.
- The Energy Title expands and adds provisions to encourage production, use, and development of biobased and other renewable energy sources.
  - Also includes a number of tax provisions, including several related to biofuels.

### **Value Added Agriculture Market Development Grant Program**

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- Competitive grants program administered by the Rural Business Cooperative Service at USDA to help producers move into value-added agricultural enterprises.
- Types of grants:
  - Developing *feasibility studies or business plans*, which include marketing plans, or;
  - *Working capital* to operate a value-added business or alliance.
- Applicants are eligible to apply for only one of these two types of grants each grant cycle.

## **Value Added Agriculture Market Development Grant Program**

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### **New Program Features and Priorities:**

- An expanded definition of value-added to include locally-produced agricultural food product;
- Priorities for projects that address: Small and mid-size family farmers and ranchers, Beginning farmers and ranchers, Socially disadvantaged farmers and ranchers;
- Grants for projects that help farmers and ranchers establish marketing partnerships that are equitable for all parties involved (mid-tier value chains);
- 20% of the total funding (10% for each) will be set-aside for projects from the following: Beginning or socially disadvantaged farmers and ranchers; and mid-tier value chains.
- Simplified application form and process for small projects requesting less than \$50,000.

## **Local Food Systems**

- **Farmers Market Promotion Program**
  - For all direct marketing, not just markets
  - Tripled funding, \$10 million administered by AMS
- **Value Added Producer Grants**
  - Local distribution now considered as “value added”
  - Administered through Rural Development
- **Lowered barriers and encourages Farm to School activities**
  - Meeting of 8 school districts in Greeley recently

## More attention to food nutrition and access, locally, nationally and globally

- Benefits and eligibility increase for the Food Stamp Program (FSP), renamed the Supplemental Nutrition Assistance Program (SNAP).
- The Fresh Fruit and Vegetable Program and farmers' market and food distribution programs saw increased funding
  - Provisions increase international food assistance and authorize a small pilot program for local or regional purchase
- The Trade title repeals several export assistance programs, while continuing and expanding market development programs.
  - Distribution of emergency international food assistance.

## Specialty Crops

- Continues State Block Grants to increase marketing and technical support for horticultural and other specialty products
  - CSU's Specialty Crop Program
    - Field days, grant program, programs with Green industry
  - Colorado Department of Ag domestic marketing programs, including Colorado Proud
- Grants to improve transport of specialty crops in cost effective manner
- Complements some of the organic, local food systems and research priorities also emerging in the new Farm Bill

## Organics

- Cost-share for certification for producers
  - Increase to \$750 from previous \$500
- New marketing and production data for market assessment in this sector
  - Agricultural Marketing Service and NASS
- New insurance coverage to improve risk management tools
- Tripled the research and extension funding that goes to organic systems (from a fairly low base though)
  - Work with Land Grant partners if you have research or technical assistance needs

## Marketing/Technical Resources Available

- USDA Programs
  - Value Added Product Development Grants
    - Administered through Rural Development at USDA and target value-added product and marketing activities by producers (feasibility and working capital grants)
    - Working Capital grants would underwrite an enterprise's initial marketing and promotion activities
  - Federal State Marketing Improvement Program
    - Market research and exploring new methods of marketing
    - Administered through state level Depts of Ag
    - Great way to do analysis on the effectiveness of different promotional methods, but would want to show the broader applicability to the state's ag sector

## More Resources

- Sustainable Ag Research and Education Program
  - Regional, so Western proposals managed in region
  - There are several categories of grant programs
    - Producer Grants could be used to explore promotional options for targeted niche and alternative markets
    - Research and Education could be done if you partner with Universities or other Technical Assistance Orgs.
- Other Competitive programs from USDA
  - Western Center for Risk Management Education
  - Community Food Projects
  - Small Business Innovation Research-Markets and Trade

## Resources Available Locally

- State Departments of Agriculture
  - Directories of Local Producers
  - Regulatory Compliance Assistance
- Southwest Marketing Network
  - Great networking and information resource for the Four Corners region
- Extension Systems
  - Increasingly aware and responsive to direct marketing concerns
  - New Local Food Systems work team
  - Building Farmers Program

## New Resources for Promotion

- Market Maker is a free tool to:
  - Help Consumers find Producers
  - Help Producers Promote their Operations and Products
  - Assess the food and agriculture of an area: Providing an inventory and great networking resource
  - 14 states online, none in the West, but Colorado online soon

MARKET MAKER™



## Publications- Examples from Colorado



- Colorado Farm Fresh Directory
- Colorado Food & Beverage Gift Guide
- Colorado Hay Directory
- Colorado Meat Directory
- Various brochures featuring Colorado's livestock, produce and organic industries.
- Pumpkin Patch List
- Christmas Tree List

## **Sustainable Options Hotline**

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Traci Bruckner,  
Assistant Director, Rural Policy Program  
The Center for Rural Affairs  
PO Box 136  
Lyons, NE 68038  
(402) 687-2100  
[tracib@cfra.org](mailto:tracib@cfra.org)  
[www.cfra.org](http://www.cfra.org)