Farm Bill 2018
"Deep Dive" Series

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2018 FARM BILL DRILLDOWN: LOCAL/REGIONAL FOOD SYSTEMS, RURAL DEVELOPMENT

December 12, 2018

For increasingly more Americans, eating locally produced foods is becoming a priority. Family farmers are interested too, because local and regional marketplaces often offer better prices for farmers' products, which helps them to sustain their businesses and put food on their families' tables.

If consumers want local food and farmers want to grow it, why then does demand still far outstrip supply? The short answer is: connectivity. Farmers need both infrastructure and peer and professional networks in order to enter and succeed in new marketplaces, and for years the federal government has failed to adequately invest in farm-to-fork value chains. In the 2018 Farm Bill, however, family farmers and local food advocates can celebrate long-awaited investments in these growing food systems.

The 2018 Farm Bill Conference Report introduced this week by Senate Agriculture Committee Chairman Pat Roberts (R-KS), Ranking Member Debbie Stabenow (D-MI), House Agriculture Committee Chairman Mike Conaway (R-TX) and Ranking Member Colin Peterson (D-MN), connects the dots between farmers and new markets by investing in local and regional food systems. The bill also renews critical programs and investments in rural economic development.

The National Sustainable Agriculture Coalition (NSAC) was pleased to see that the Conference Report incorporated many of the provisions of the Local Food and Regional Market Supply (FARMS) Act, which was introduced in both the House and the Senate in 2017. NSAC has been a vocal champion of LAMP, as well as a strong supporter of the original marker bill that inspired it, the Local FARMS Act.

Below, we include a summary of the key takeaways on how the final conferenced bill approaches local and regional food system and rural development programs:

Highlights

- Creates the Local Agriculture Market Program (LAMP) and provides the program with $50 million per year in mandatory, permanent funds.

- LAMP combines the Farmers Market and Local Food Promotion Program (FMLFPP) and Value-Added Producer Grants (VAPG) program together to provide baseline funding for the core priorities of each. LAMP also includes a new regional public private partnership provision that uses federal resources to leverage private investment and encourage "foodshed" level approaches to developing regional food economies.

- Reauthorizes the Food Insecurity Nutrition Incentives (FINI) program, now called the Gus Schumacher Nutrition Incentives Program, and provides it with $250 million over 5 years. The new funding starts at $45 million per year in 2019, and is stair-stepped up to $56 million in 2023 and beyond.

  - This program also includes a produce prescription program, based on the Senate-passed farm bill's "Harvesting Health Pilots Program" (part of the Local FARMS Act). The produce prescription program is provided up to 10 percent of the funds made available through FINI.

- Requires the U.S. Department of Agriculture (USDA) to have an Under Secretary for Rural Development, overturning a decision made last year by USDA Secretary Sonny Perdue to eliminate that position.

- Instructs USDA to allow farmers markets to operate an individual EBT (electronic benefits transfer) device for accepting SNAP benefits at more than one location. This change resolves a long standing barrier to operating efficient and cost-effective SNAP EBT systems at markets, a problem farmers and food advocates have been trying to address for years.

- Creates a new "Urban, Indoor, and Other Emerging Agricultural Production Research, Education and Extension Initiative" competitive grants program with $10 million in mandatory funding in the form of a lump sum to be available until expended.

- Instructs USDA to create a new "Office of Urban Agriculture and Innovative Forms of Production" with a 15-member advisory committee and competitive grants authority. The new office is also instructed to create a 10-pilot Urban and Suburban County Committee as well as a community compost and reducing food waste pilot. The bill provides the authority for Congress to appropriate up to $25 million per year for these efforts.

- Reauthorizes the Rural Energy for America Program (REAP) with $50 million per year in permanent, mandatory funds.

- Reauthorizes the National Sustainable Agriculture Information Service / Appropriate Technology Transfer for Rural America (ATTRA).

- Reauthorizes the Business and Industry Loan Guarantees Local & Regional Food Enterprise Set-aside.

- Reauthorizes the Healthy Food Financing Initiative and expands it to include healthy food enterprises as well as food retailers.

Mixed Bag

- Reauthorizes the Senior Farmers Market Nutrition Program with $20.6 million per year in mandatory funding, but *does not* expand the program to include veterans or increase funding.

- Adds new functions to FMLFPP and VAPG allowing both programs to provide financial assistance for food safety infrastructure upgrades and certification. However, the bill does not create a stand alone program for food safety financial assistance.

Lowlights

- Reauthorizes the Rural Microentrepreneur Assistance Program, but provides *no* mandatory funding. The 2014 Farm Bill provided $3 million per year in mandatory funding.

- Fails to include additional mandatory funding for the Farm to School Grant Program.

- Fails to reform guidelines on geographic preference for school food procurement that would provide regulatory flexibility to school food authorities, thereby making it easier for them to procure local and regional food and farm products.

- Reduces mandatory funding for the Community Food Projects grant program by $4 million per year, from $9 million to $5 million annually.

- Reauthorizes the Food Safety Outreach Program, but does not provide any mandatory funding.

A CLOSER LOOK AT THE 2018 FARM BILL: LOCAL AGRICULTURE MARKET PROGRAM

January 22, 2019

After a protracted and often contentious negotiation period, Congress finalized the 2018 Farm Bill and the President signed it into law just before the end of 2018 (nearly three months after the 2014 Farm Bill had expired). Despite the unprecedented amount of partisanship that arose during this farm bill process, the sustainable agriculture community came away with some very significant wins – particularly when it comes to local/regional food systems. Now that the most visible part of the work is done (the passing of a new farm bill), farmers, local governments and community-based organizations are starting to wonder what's next.

In this deep dive post, we detail what stakeholders need to know and what they can look forward to from one of the crown jewels of the 2018 Farm Bill: the Local Agriculture Market Program (LAMP). The National Sustainable Agriculture Coalition (NSAC) was an early champion of LAMP, and outlines in this post how the program will improve resources for stakeholders, as well as what new opportunities might become available once it is implemented.

What is LAMP?

The growing demand for locally and regionally produced food has fueled a need for increased production, as well as a need for programs and policies that can support the expansion of those markets. The 2018 Farm Bill makes significant investments – in physical infrastructure as well as in training and peer-to-peer professional networks – in developing these burgeoning local and regional supply chains through LAMP.

LAMP is a new umbrella program created in the 2018 Farm Bill that partially combines and streamlines two existing, cornerstone local/regional food system programs: the Farmers Market and Local Food Promotion Program (FMLFPP) and Value-Added Producers Grant Program (VAPG). By moving FMLFPP and VAPG under the umbrella of LAMP, Congress was able to ensure permanent, mandatory funding for both original programs, better coordinate local and regional food systems funding across agencies, and also maintain the core mission, priorities and activities of each. LAMP also includes some new initiatives, such as a regional partnership program to facilitate "foodshed"-level approaches to developing regional food economies, and new functions to support value chain coordination, food safety infrastructure development, and food safety certification.

As part of LAMP, FMLFPP and VAPG will continue to prioritize projects that benefit small and mid-sized farm operations, as well as beginning, socially disadvantaged, and veteran farmers and ranchers. Collectively and independently the programs will focus on:

- Domestic farmers' markets, roadside stands, community-supported agriculture programs, agritourism activities, and other direct to consumer marketing practices.
- Local and regional food business enterprises (both direct-to-consumer and intermediated market channels).
- Processing, aggregation, distribution and storage of local and regional products.
- Business development and feasibility studies.
- Marketing strategies for producers of local or regional foods and value-added products in new and existing markets.
- Value-chain coordination.

- Producer food safety infrastructure and practice upgrades.
- Producer food safety audits and certification.
- Multi-stakeholder regional and foodshed planning, assessment, and coordination.
- New business opportunity and marketing strategies to reduce on-farm food waste.

The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) and Rural Business-Cooperative Service (RBCS) will jointly administer LAMP. AMS will continue to administer the FMLFPP and new partnership program portion of LAMP, with RBCS administering VAPG.

The intention of combining FMLFPP and VAPG into LAMP is to foster synergies between AMS and RBCS that will lead to administrative efficiencies, improved outreach and technical assistance, and streamlined and simplified application processes. LAMP also includes resources to support improved evaluation of funded projects.

Regional Partnership Program

LAMP's new Regional Partnership Program, to be administered by AMS, will provide competitive grant funding to support multi-stakeholder partnerships and encourage foodshed-level approaches to planning and developing local/regional food economies. One of the goals of the partnership program is to facilitate public-private partnerships – based off of the largely successful Regional Conservation Partnership Program (RCPP). Through this new partnership program, LAMP seeks to leverage federal investments to tap into private capital and help stakeholders enhance their collaboration. In order to accomplish this goal, priority will be given to projects that leverage significant non-federal financial and technical resources. Eligible partners include but are not limited to: food councils, farmer cooperatives, state agencies, and Farm Credit System lenders.

The statutory language for the new partnership program provides broad authority regarding the way in which a public-private partnership might facilitate the development of a regional food economy. Potential methods might include planning and feasibility assessments, supply chain coordination activities, or helping producers apply for grant funding. NSAC looks forward to working closely with the Administration to develop this new program, and urges farm and food stakeholders to be an active part of the implementation process.

Food Safety

In response to concerns about compliance with the Food and Drug Administration's (FDA) new Food Safety Modernization Act (FSMA) rules, Congress added new authorities to both FMLFPP and VAPG to address food safety certification and practice upgrades. Specifically, LAMP will provide financial assistance for "expenses relating to costs incurred in obtaining food safety certification and making changes and upgrades to practices and equipment to improve food safety". This language was included in LAMP as a new "eligible activity" for both FMLFPP and VAPG grant projects.

The 2018 Farm Bill also included some limitations to these new provisions. For example, there is a $6,500 cap on the amount per grant under each program that can be used to purchase or upgrade equipment to improve food safety. Within VAPG, a maximum of 25 percent of the program's funding can be used for the aforementioned food safety certification and infrastructure upgrades. In dollars, that means that up to roughly $4.3 million of VAPG's total $17.5 million/year can be used for food safety financial assistance for farmers. However, it is also important to note that the exact dollar figure for VAPG could fluctuate depending on annual appropriations. Considering that VAPG has historically received appropriated dollars (on-top of mandatory farm bill funding) there is a strong possibility that the total dollars and therefore total available for food safety certifications and upgrades will increase.

Beyond these provisions, however, LAMP does not provide many details as to how the program's new food safety authorities and funding should be implemented. Congress was clear in its intent that both RBCS and AMS should coordinate across agencies in the administration of LAMP, including each underlying program and the new food safety initiatives. Recognizing AMS's expertise in this area, NSAC encourages RBCS to work with AMS in implementing and administering this new food safety component. NSAC also urges USDA to implement LAMP's new food safety authorities in a manner that makes the funding broadly available, but targeted to those most in need of assistance – small-farm operations, beginning farmers, and socially disadvantaged producers.

Funding Structure

LAMP is funded at $50 million per year in mandatory farm bill funding. This level of funding establishes permanent baseline for LAMP and its component programs – a historical victory for local food advocates, which sends an important signal that local and regional food economies are and will be an important part of our country's food and farm economy for many years to come. All project grants issued by any program within LAMP are capped at a total of $500,000. VAPG grants require a non-federal funding match that is at least equal to the amount of federal funds being provided. FMLFPP and Partnership grants include a required a 25 percent match (cash or in-kind).

The distribution of funding within LAMP is as follows:

- Farmers Market and Local Food Promotion Program: $23.5 million/year.
- Regional Partnership Program: $5 million/year.
- Value-Added Producer Grants: $17.5 million/year, with up to $4.3 million for food safety infrastructure and certification assistance.

Additionally, $4 million/year of LAMP funding is set aside for administration, outreach, and evaluation.

Lighting the LAMP: Implementation Outlook

At present, detailed timelines or plans for how USDA will implement LAMP are still unknown. Due to the ongoing government shutdown, NSAC has not been able to fully engage with the Administration regarding their planned approach to and estimated timeline for implementation of the 2018 Farm Bill – including LAMP.

We do, however, anticipate that FMLFPP and VAPG will largely be implemented and continue to operate much in the same way they did under the 2014 Farm Bill. In fact, the 2018 Farm Bill report language states that the bill's intention is that "each program's statutory authority, mission, grant priorities and activities to be retained as before." Questions remain, however, regarding how *new* authorities or functions of the programs will be implemented – chief among them, how the new food safety financial assistance components within LAMP will be rolled out.

AMS, which administers FMLFPP, tends to address the details of program implementation through their annual request for applications (RFA) process rather than through promulgation of rules and regulations. Conversely, RBCS, which administers VAPG, tends to operate through the promulgation of rules and regulations. We can reasonably assume that both agencies will continue with their established approaches when it comes to 2018 Farm Bill implementation. And therefore, rulemaking would most likely be needed prior to any changes to VAPG coming into effect.

What to Watch for As Implementation Moves Forward

The 2014 Farm Bill did not require a match for FMPP subprogram grants while it required a match of 25 percent (cash or in-kind) of the total project cost for LFPP grants. Unfortunately, LAMP includes a 25 percent (cash or in kind) match requirement for both FMPP and LFPP with the important but small change that the 25 percent is no longer applied to the full project cost but a 25 percent match of the total Federal portion of the grant. That small change will likely clear up past confusion and make it easier for applicants to meet the matching requirement.

VAPG also includes a matching requirement, although further clarity will be needed from USDA in terms of what can count as match.

The 2014 Farm Bill statutory language for VAPG included a required non-federal funding match equal to at least the amount of federal funds being provided. However, the last farm bill was silent on whether or not that match could include in-kind, or only cash funding. In its implementation of VAPG under the 2014 Farm Bill, RBCS allowed both cash and in-kind matches, but limited the amount of in-kind match.

In the 2018 Farm Bill, LAMP includes nearly identical match requirement language for VAPG as was seen in the last farm bill. As with the FMLFPP match, NSAC urges that the implementation of VAPG's match requirement remain the same. Allowing an in-kind match for VAPG would ensure that producers can continue to count their sweat equity as part of the required match.

NSAC will also be watching closely as to how the rulemaking and implementation process for LAMP's new provisions – the Regional Partnership Program and new authorities related to food safety financial assistance – are handled by USDA. NSAC was a strong proponent of the Local FARMS Act, which included something similar to LAMP that proposed to combine FMLFPP and VAPG. Many of the provisions of the Local FARMS act were eventually folded into LAMP. The Local FARMS Act included a stand-alone food safety cost-share assistance program, and NSAC urges USDA to get as close to that original vision as possible when implementing LAMP's new food safety authorities.

Farmer and Stakeholder Input Needed in 2019

As AMS and RBCS move forward with implementing the 2018 Farm Bill, farmers and other food/farm system stakeholders will play a critical role in ensuring that LAMP meets their needs and expectations. As an early supporter of LAMP, NSAC plans to remain active throughout the implementation process, and will publicize all opportunities for stakeholders to submit comments and recommendations to USDA.

Once the administrative details of LAMP are hammered out and the program is ready to begin accepting applications for funding, NSAC will provide detailed program and application information via our blog and our *Grassroots Guide to Federal Food and Farm Programs*.

A CLOSER LOOK AT THE 2018 FARM BILL: GUS SCHUMACHER NUTRITION INCENTIVE PROGRAM

January 24, 2019

In the eyes of healthy food system advocates, one of the 2018 Farm Bill's biggest successes is the expansion of the Food Insecurity Nutrition Incentive program (FINI); the SNAP incentive grant program established in the 2014 Farm Bill that has continued to garner bipartisan and bicameral support. The program was recently renamed in honor of longtime friend to the National Sustainable Agriculture Coalition (NSAC), former USDA Under Secretary, and Wholesome Wave co-founder Gus Schumacher, who was lauded in the conference committee report as "a magnificent advocate for farmers and families (who) saw the importance in building access and affordability through incentive programs." The many NSAC member groups conducting incentive programs can attest to the truth of the statement.

The new and improved Gus Schumacher Nutrition Incentive Program (which we will refer to as "FINI" here for simplicity's sake) is funded at $250 million a year for 5 years, making it a permanent part of future farm bills. FINI is administered by the U.S. Department of Agriculture's (USDA) National Institute of Food and Agriculture (NIFA).

While the new FINI program continues the Supplemental Nutrition Assistance Program (SNAP) incentive grants program, it integrates some new program improvements that are a direct result of feedback from NSAC members and other FINI grantees. This includes new funding for technical assistance, information sharing, and a simplified reporting system, as well as the addition of a produce prescription provision originally proposed as a stand-alone program in the Local FARMS Act.

Program Details

SNAP Incentives: Competitive grants for SNAP point-of-sale fruit and vegetable incentives have total funding of up to $187 million in fiscal year 2019 through fiscal year 2023. These grants can go to public or nonprofit organizations and require a 50 percent non-federal cash or in-kind match.

Produce Prescriptions: Competitive grants for programs that provide "prescriptions" to encourage produce consumption through financial, educational, or other incentives will receive a maximum of $25 million over 5 years. These do not require a 50% non-federal match, but do need coordination with healthcare providers, and data collection to assess whether the approach can reduce healthcare spending.

Technical Assistance & Reporting: There is a total of $38 million over 5 years to establish training, technical assistance, information, and evaluation center(s). The goal of these is to:

- Develop and disseminate of best practices.
- Provide intensive support for programs in high-need areas.
- Coordinate among incentive practitioners, point of sale and electronic payment companies, grocers and farm direct retailers, and federal and state SNAP agencies on the development and sharing of improved and cost-effective SNAP and incentive transaction systems.

- Develop a centralized hub for the reporting of standardized program data to reduce duplication and ensure consistent information collection. The information will be used for annual reporting to Congress and USDA and will be publicly searchable in a way that will facilitate connections between programs and further research in the field. The USDA Secretary is encouraged to consult with a range of stakeholders and former grantees on the design and implementation of the training, TA, information and evaluation center(s).

FINI continues to emphasize a link to local and regional agriculture and direct marketing. It also supports programs in tribal communities by allowing Indian Health Service funds to be used as match and expands the program to include Puerto Rico, which receives a block grant instead of SNAP. Finally, it reduces grantee administration substantially by streamlining reporting and facilitating coordination to solve common challenges and share technological solutions.

What's Next?

The implementation timeline for the new FINI program remains a mystery. The government shutdown has stalled any progress on deciding how the produce prescription grants will be administered, gathering feedback for the new support centers, or developing a bidding process to award those funds. In addition, the lion's share of the FINI program implementation is done by NIFA staff so the uncertainty created by the USDA Secretary's desire to move the agency out of Washington DC may slow the process even more.

Regardless the expanded FINI program remains a serious win in the 2018 Farm Bill for families and farmers, and speaks to the power of practitioners sharing the real successes such programs are having in communities nationwide.

2018 FARM BILL DRILLDOWN: BEGINNING AND SOCIALLY DISADVANTAGED FARMERS

December 12, 2018

After a two-year campaign to put the next generation of farmers at the center of the 2018 Farm Bill debate, the National Sustainable Agriculture Coalition (NSAC) celebrated the inclusion of hard-won provisions that will provide needed support for beginning and socially disadvantaged (SD) farmers into the future. Throughout the farm bill process, NSAC worked closely with members and allies across the country to win support for policies that would help beginning and SD farmers begin and sustain careers in agriculture. With the inclusion of and provision of mandatory permanent funding for the Farming Opportunity Training and Outreach (FOTO) program in the bill, Congress has knocked down some of the most challenging obstacles and blazed a path forward for the next generation.

We applaud farm bill leaders for including FOTO in the final negotiated bill, and to the countless champions of the marker bills that inspired FOTO: the *Beginning Farmer and Rancher Opportunity Act* and the *Next Generation in Agriculture Act* as well as the *Assist Socially Disadvantaged and Veteran Farmers Act*. NSAC thanks the Members of Congress who remained stalwart champions of beginning and SD farmers and ranchers throughout the farm bill process, including: Senators Heidi Heitkamp (D-ND), Susan Collins (R-ME), Doug Jones (D-AL), Chris Van Hollen (D-MD), Martin Heinrich (D-NM), Tina Smith (D-MN) and Tom Udall (D-NM); and Representatives Tim Walz (D-MN), Jeff Fortenberry (R-NE), Sean-Patrick Maloney (D-NY), Michelle Lujan-Grisham (D-NM), and Ben Ray Lujan (D-NM).

The new farm bill includes an ambitious new farmer agenda and makes historic investments in training and outreach initiatives. The bill expands access to crop insurance and other risk management options, and includes new policies to address one of the most pressing issues facing beginning and SD farmers: access to affordable farmland. Coordination among U.S. Department of Agriculture (USDA) agencies will also be improved so that beginning and SD farmers can receive better and more streamlined support. Additionally, permanent support is provided for the invaluable grassroots organizations that are working in rural communities and cities across the country to train up the next generation of farmers.

Below, we include a summary of the key takeaways on how the final conferenced bill approaches programs and policies that support beginning and SD farmers:

Highlights

- Adopts the Senate's provision to include and provide permanent mandatory funding for the Farming Opportunities Training and Outreach (FOTO) program. FOTO combines two of USDA's flagship training and technical assistance programs for underserved producers – the Beginning Farmer and Rancher Development Program (BFRDP) and the Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers Program (aka "Section 2501").
    - Provides $435 million in mandatory funding for FOTO over the next ten years, and establishes permanent baseline to ensure that grants continue into the future. Initial funding starts at $30 million in fiscal year (FY) 2019 and 2020, which will be split evenly between BFRDP and Section 2501. Funding increases to $50 million by FY 2023. Overall, this funding structure will result in a slight increase in funding for 2501

grants and a slight decrease in funding for BFRDP grants over the next few years. However, by 2023, both programs will be funded at $25 million per year.

- Strengthens BFRDP (as part of FOTO) by: adding new priorities on food safety and succession planning; including farmer involvement in project design and implementation as an evaluation criterion for grant proposals; expanding eligibility for projects serving retiring farmers and non-farming landlords; and establishing a waiver for the matching funds requirement.

- Increases transparency, accountability and responsiveness to stakeholders within the 2501 Program (as part of FOTO) by requiring an external peer review process and strengthening reporting requirements of outcomes. Also, FOTO includes a priority for grants led by community-based and non-profit organizations.

- Ensures that all beginning and socially disadvantaged farmers enrolling in the Environmental Quality Incentives Program (EQIP) have the option to receive 50 percent of their cost-share payment up front.

- Increases funding for the Conservation Reserve Program (CRP) Transition Incentives Program from $33 million to $50 million over the next five years. This funding includes $5 million for dedicated outreach to connect retiring farmers with beginning farmers, veterans, and farmers of color. The bill also expands eligibility to all CRP contract holders, not just retiring farmers.

- Includes a new data initiative on Land Access and Farmland Ownership to ensure that policymakers and the public have access to important trend data on farmland ownership, tenure, transition, barriers to entry, profitability and viability of beginning and SD farmers.

- Improves the Noninsured Crop Assistance Program to better coordinate risk management coverage options available for beginning and SD farmers through both Farm Service Agency and Risk Management Agency programs.

- Includes important changes to allow historically underserved farmers to access USDA farm programs, even if they are operating on "heirs property" and cannot prove ownership of their farm.

- Creates a National Beginning Farmer Coordinator position at USDA, as well as designated coordinators in each state, to better coordinate USDA outreach efforts to new farmers.

- Expands State Agricultural Mediation Grants to support mediation services related to farm transition.

Mixed Bag

- Raises the loan limit on Direct Farm Ownership Loans to $600,000 to better reflect the rising cost of farmland across the country. The bill also raises Direct Operating Loans (DOL) to $400,000 and guaranteed loans to $1.75 million. As the declining farm economy has increased demand for these loan programs, there is real concern that increases in DOL and guaranteed loans will result in fewer, but larger loans made to more established farmers. NSAC is therefore pleased that the final bill also includes the Senate provision to increase public reporting on lending trends for beginning and SD farmers, which will be important to ensure that loan funding remains available for these communities.

- Improves risk management options for beginning and other underserved farmers. The final bill expands eligibility for 10 percent premium bonus to all beginning farmers in business less than 10 years, but unfortunately limits this change in eligibility to Whole Farm Revenue Protection policies. Additionally, the final bill requires USDA to conduct an analysis on the barriers for underserved farmers in accessing crop insurance.

- Reauthorizes, but fails to increase, the five percent conservation set-asides for beginning and SD farmers within EQIP or the Conservation Stewardship Program.

- Boosts funding for the Agriculture Conservation Easement Program (ACEP) to $450 million over the next five years and includes policy tweaks to better support new farmers. The bill adds flexibility for land trusts to better access ACEP funds to protect farmland and prioritize easements that maintain agriculture viability; however, it doesn't make this priority a requirement, nor does it mandate an option to purchase at the agricultural value.

Lowlights

- Reauthorizes, but provides no funding for Beginning Farmer and Rancher Individual Development Accounts. This program has been on the books since the 2008 Farm Bill, but has yet to receive any funding to launch its innovative asset building and financial literacy program.

- Fails to renew mandatory funding for the Rural Microentrepreneur Assistance Program, which is an important resource that provides new farmers with the loan capital and business training they need to launch new farm-related businesses.

A CLOSER LOOK AT THE 2018 FARM BILL: FARMING OPPORTUNITIES TRAINING AND OUTREACH PROGRAM

February 19, 2019

As farmers across the country scour seed catalogs and begin sketching out plans for the upcoming season, the U.S. Department of Agriculture (USDA) is busy scouring the new farm bill and working out how to stand up the hundreds of new programs and policies mandated by Congress. Included among those is the Farming Opportunities Training and Outreach (FOTO) Program, a new umbrella program designed to coordinate USDA training and outreach to beginning, veteran, and socially disadvantaged (SDA) farmers.

Thanks to the provision of $435 million in mandatory federal grant funding for FOTO over the next ten years, this new program will be able to permanently protect beginning and SD farmer resources. FOTO will also enable its component programs – the Beginning Farmer and Rancher Development Program (BFRDP) and the Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers Program (aka "Section 2501") – to better serve their constituencies by establishing consistency in grant terms, priority for non-profit and community-based organizations, regional balance in funding, external peer review, and a cap on indirect costs for both BFRDP and 2501 grants.

There are, however, some programmatic changes that are complex to navigate. It is important therefore that organizations serving beginning and SD farmer communities understand all of the changes mandated in the new farm bill that will come as part of FOTO, and that they remain active during the implementation process.

In this post, we take a deeper dive into the new FOTO program, outline what changes are in store for future grants, and highlight key questions surrounding program implementation.

What is FOTO?

FOTO is a new initiative established in the 2018 Farm Bill that combines two of USDA's flagship training and technical assistance programs for beginning and SD producers – BFRDP and Section 2501.

For over a decade, BFRDP has served as the only federal grant program explicitly dedicated to training the next generation of farmers – including veterans and farmers of color. The Section 2501 program is dedicated to helping our nation's historically underserved producers gain access to USDA credit, commodity, conservation and other programs and services and has been serving these communities for nearly three decades.

Section 12301 of the *Agriculture Improvement Act* (aka "2018 Farm Bill) establishes FOTO by combining the statutory authorities for BFRDP and 2501 into a single program (now located within the farm bill's Miscellaneous Title). The broad purpose of FOTO is to "encourage and assist socially disadvantaged farmers and ranchers, veteran farmers and ranchers, and beginning farmers and ranchers in the ownership and operation of farms and ranches through (1) education and training; and (2) equitable participation in all agricultural programs of the Department" [7 U.S.C. 2279(b)].

While consolidated in law, both BFRDP and Section 2501 will maintain their historic program integrity and continue to be administered separately. USDA's National Institute of Food and Agriculture

(NIFA) will continue to administer BFRDP, and the Office of Partnerships and Public Engagement (OPPE) will administer Section 2501.

The National Sustainable Agriculture Coalition (NSAC) was a leading advocate for FOTO, and we were pleased to see that many of the enacted changes to BFRDP and 2501 were reflective of recommendations made in NSAC's 2018 Farm Bill Platform. Proposals from several marker bills championed by NSAC, including the Beginning Farmer and Rancher Opportunity Act and Assist Socially Disadvantaged Farmers and Ranchers Act, were also included in the final farm bill.

Changes to the Beginning Farmer and Rancher Development Program (BFRDP)

In addition to providing mandatory funding for and streamlining BFRDP and Section 2501 under FOTO, the final 2018 Farm Bill also makes several important programmatic changes to each.

As part of FOTO, several changes to BFRDP's grant priorities and procedures have been modified (though the grant terms are unchanged). For one, BFRDP will now place a greater emphasis on projects that support farm succession planning (included as a new grant priority) and farmland transfer to new farmers. Specifically, projects may now be targeted towards retiring farmers and non-farming landowners so long as the ultimate aim of the project is to increase opportunities for beginning farmers.

Additional changes include:

- Grantees may now be eligible to request a waiver to the matching funds requirement if their project targets an "underserved area or population."
- For grant projects under $50,000, USDA is required to establish a simplified grant application process.
- Eligibility criteria remain roughly the same, though municipal agencies (as well as federal, state, and tribal governments) have been added as eligible applicants.
- Farmers must now be involved in BFRDP project design and implementation (included as a new evaluation criteria for grant proposals).

In addition to these changes, FOTO also adds some new components to BFRDP. FOTO expands BFRDP Educational Team projects (known as "EET grants") to support not just new farmer curriculum development, but also the development of other types of educational programs and workshops, or training and technical assistance initiatives. These may include, for example, train-the-trainer initiatives for service providers that work directly with beginning farmers.

FOTO also expands priorities for future BFRDP grants to include components on food safety and recordkeeping. With the impending compliance dates surrounding new food safety regulations (as mandated by the Food Safety Modernization Act – FSMA), this new focus on beginning farmer training programs that address food safety training will provide a welcomed opportunity to support this critical (and often complicated) work of getting new farmers up to speed on food safety compliance.

The new farm bill also directs NIFA to solicit input from beginning, SD, and veteran farmers – as well as the USDA advisory committees that serve these populations – to ensure BFRDP is fully meeting the needs of farmers. All other components of the program – including cap on indirect costs, set-asides, and priority for CBOs and NGOs – remain unchanged.

Changes to the Section 2501 Program

In establishing FOTO, the new farm bill also makes several changes to the underlying 2501 Program that increase the program's transparency, accountability and responsiveness to stakeholders.

One of the most significant changes is the requirement for USDA to administer the program using an external (rather than internal) peer review process. BFRDP (and other programs administered by NIFA) use an external peer review process in order to evaluate and recommend proposals for funding. Farmers, non-profit organizations, extension agents, as well as former or prospective grantees, are eligible to serve on BFRDP's peer review panel. The peer review panel is charged with reviewing and making funding determinations for each submitted proposal. Historically, Section 2501 has relied on USDA staff to review and evaluate funded applications, rather than external stakeholders. This "black box" approach has left farmers and organizations largely in the dark in terms of providing input into the most effective strategies and approaches to best assist farmers of color.

Additionally, the farm bill establishes a new priority for 2501 grants that are led by community-based and non-profit organizations with expertise working with socially disadvantaged and veteran farmers. The bill also requires regional balance in Section 2501 grant funding. Similar to changes made to BFRDP, USDA is now required to solicit input from organizations and institutions serving these communities to ensure that the program is responsive to their needs.

In an effort to better streamline the two FOTO programs, the farm bill also establishes grant terms for 2501 grants that are consistent with BFRDP grants. No project can receive more than $250,000 per year for a maximum of three years, and the cap on indirect costs is 10 percent.

Reporting requirements on 2501 program activities are also expanded under FOTO. In addition to requiring the program to report on the problems and barriers identified by grantees in trying to increase participation by socially disadvantaged farmers, it must now also report:

- Number of farms started, maintained, or improved as a result of 2501 grant funding; and
- Actions taken by USDA and 2501 grantees to enhance participation in agricultural programs by veteran and socially disadvantaged farmers or ranchers, and the effectiveness of such actions.

Hopefully, this information will help to produce more effective outreach and technical assistance programs and ultimately increase usage of USDA programs by farmers of color and other underserved producer communities.

Funding Structure

In creating FOTO, the new farm bill provides permanent "baseline" funding for both BFRDP and Section 2501 – a historic victory for beginning farmers and other underserved communities. This sends an important signal that long-term investments are needed to ensure the success of the next generation of farmers and to address systemic historical inequities in accessing resources.

In total, the new farm bill provides $435 million in mandatory funding for FOTO over the next ten years, split equally between BFRDP and 2501. Initial funding starts at $30 million in fiscal years (FY) 2019 and 2020 ($15 million for each program). While this represents a $5 million *increase* in funding for 2501 grants (compared to current levels), it also means a $5 million *decrease* in funding for BFRDP grants for the next two funding cycles – increasing competition for limited funding. The FY 2019 appropriations bill recently signed into law includes an additional $3 million for Section 2501– bringing total grant funding for FY 2019 to $18 million (nearly double the amount of funding available the year prior).

By FY 2021, each program will have $17.5 million in grant funding available, $20 million in FY 2022, and funding will plateau for both programs at $25 million per year in FY 2023 and each year thereafter. Thanks to the farm bill's designation of baseline funding, BFRDP and Section 2501 will no longer be at risk of shutting down at the end of each farm bill cycle – a historic and hard-won accomplishment.

Additionally, 5 percent of annual funding for both BFRDP and 2501 will be set aside for administration, outreach, and evaluation – including administering the peer review panels and convening annual Project Director's meetings.

In addition to mandatory farm bill funding, Congress authorized an additional $50 million per year in discretionary funding for FOTO. At NSAC's annual convening last month, our members approved FOTO as a top funding priority for the coming year. We will therefore be working closely with our members and supporters across the country to continue increasing funding for FOTO in order to bring BFRDP funding back to its historic levels.

Rolling out FOTO: Implementation Outlook

At present, detailed timelines or plans for how USDA will implement FOTO are still unknown. Due to the recent government shutdown, many farm bill implementation efforts have been delayed. We do, however, anticipate that BFRDP and 2501 will largely be implemented and continue to operate much in the same way they did under the 2014 Farm Bill.

Although delayed, we expect FY 2019 Requests for Applications (RFAs) to be released later this spring. NIFA intends to hold a webinar as soon as the BFRDP RFA is released, which will walk stakeholders through major changes and answer any questions from prospective applicants. Similarly, we expect OPPE to release an RFA for the 2501 program, however, the timeline for that is still uncertain.

Questions remain regarding how *new* authorities or functions of the programs will be implemented – chief among them, the new external peer review process within the 2501 program. No formal rulemaking is expected for either program, and information has yet to be released from USDA regarding how they will solicit stakeholder input on implementing the changes made in the farm bill.

What to Watch for As Implementation Moves Forward

There are as yet many unknowns regarding how USDA will move forward in implementing FOTO. Key questions that NSAC will be watching (and weighing in on with USDA) include:

How will NIFA define "underserved population or area" in order for BFRDP grantees to request a waiver?

In our review of barriers to securing BFRDP grant funding, we have heard time and time again how difficult it can be for smaller and limited capacity non-profit and community-based organizations to meet the program's 25 percent matching funds requirement. While we hoped the 2018 Farm Bill would create consistency with Section 2501 (which doesn't require a match), Congress instead provided a waiver option to the existing BFRDP match. NSAC urges NIFA to consider a variety of factors in determining whether or not to grant a waiver request, including giving priority to non-profit and community-based organizations that have limited capacity and/or are working with underserved communities.

What will the simplified grant application look like for BFRDP?

Similarly, many non-profit organizations struggle with the onerous and often complicated and time-consuming grant application process for BFRDP grants. NSAC has for years pushed NIFA to develop a more streamlined and simplified process for non-profit and community-based organizations, who often lack a dedicated grants specialist to assist with the application process. We will continue to work with NIFA in order to determine ways to streamline and simplify applications for non-profit and community-based organizations.

How will OPPE stand up external peer review for the 2501 program?

One of the most significant changes in the farm bill is the new peer review process now required for 2501 grants. It remains to be seen, however, whether OPPE has the capacity to manage and administer an external peer review process internally. If not, they may opt to partner with an agency with more capacity, infrastructure and expertise in grant making, such as NIFA.

How will OPPE implement grant terms for 2501 projects?

Currently, 2501 applicants are only able to receive grant funding for a single year, and must reapply (and recompete) for funding every year. This is obviously an inefficient use of the often limited capacity and resources of community-based and non-profit organizations whose primary mission is to assist farmers. NSAC encourages OPPE to allow organizations to apply for the maximum three year grant authorized under the 2018 Farm Bill in order to better support longer grant projects that yield more impactful and measurable outcomes.

Farmer and Stakeholder Input Needed in 2019

As USDA moves forward with implementing the 2018 Farm Bill, farmers and service providers alike will play a critical role in ensuring that FOTO meets their needs and expectations. As an early supporter of FOTO, NSAC plans to remain active throughout the implementation process, and will publicize all opportunities for stakeholders to submit comments and recommendations to USDA.

Once the administrative details of FOTO are hammered out and the program is ready to begin accepting applications for funding, NSAC will provide detailed program and application information via our blog and our *Grassroots Guide to Federal Food and Farm Programs*.

2018 FARM BILL DRILLDOWN: ORGANIC AGRICULTURE

December 12, 2018

Organics have grown into a multi-billion dollar industry over the last two decades and are one of the fastest growing sectors of agriculture. For farmers across the country, strong demand for organic food translates into new and growing market opportunities. Organic agriculture benefits consumers, the environment, and the farmers' bottom line.

Behind the organic label are organic farmers –small and large – who follow strict standards to become certified, and who have needs unique to their growing practices and markets. Considering the enormous potential organic practices have to increase farm revenue in our rural communities, preserve and enhance the environment, and provide healthy food to communities, federal policies aimed at assisting farmers' and ranchers' transition to organic production should be a priority.

Overall, organic programs and policies (which are spread out across multiple titles), fared well in the 2018 Farm Bill. The National Sustainable Agriculture Coalition (NSAC) particularly welcomed the inclusion of permanent mandatory funding in the bill for the Organic Agriculture Research and Extension Initiative(OREI), as proposed in the *Organic Agriculture Research Act*. NSAC thanks the many organic champions in Congress who fought to level the playing field for organic farmers, including lead bill sponsors Representatives Chellie Pingree (D-ME), Dan Newhouse (R-WA) and Jimmy Panetta (D-CA) and Senators Susan Collins (R-ME) and Bob Casey (D-PA).

Below, we include a summary of the key takeaways on how the final conferenced bill approaches programs and policies that support organic agriculture:

Highlights

- Establishes permanent mandatory funding for the Organic Agriculture Research and Extension Initiative (OREI). OREI supports research projects to address the most critical challenges faced by organic farmers. The 2018 Farm Bill funding will ramp up funding for OREI to $50 million in permanent baseline funding by 2023. For 2019 and 2020, grant funding will remain at current levels of $20 million but will increase to $25 million in 2021 and $30 million in 2022. This permanent baseline funding ensures that OREI will no longer have to negotiate funding from scratch every five years when a new farm bill is revisited, and provides much needed reassurance to the organic sector that continued research funding will be available to address the ever evolving pest, disease and other challenges facing organic farmers.

- Provides $5 million in mandatory funding for the Organic Production and Market Data Initiatives, which facilitates the collection and distribution of organic market information, including data on production, handling, distribution, retail, and consumer purchasing patterns.

- Directs the allocation of funds to states to support organic production and transition under the Conservation Stewardship Program. Funds will be allocated based on the number of certified and transitioning producers in the state, as well as the number of certified and transitioning acres.

- Farmers who participate in the Transition Incentives Program (an option for farmers with expiring Conservation Reserve Program contracts) are now able to get a two year head start on transitioning that land coming out of CRP into certified organic production. Additionally, contract-holders with expiring CRP contracts can now use the last three years of their CRP contract to begin the organic certification process.

Mixed Bag

- Reauthorizes and continues to provide mandatory funding for the National Organic Certification Cost Share Program (NOCCSP), which supports the growth of domestic organic production so that U.S. producers can take advantage of growing market opportunities. In 2019 and 2020, the bill provides NOCCSP with $2 million a year; funding ramps up to $4 million in 2021 and up to $8 million in 2022 and 2023. Unfortunately, these annual funding levels are a cut from current funding of $11.5 million per year.

    - In total, $24 million is allocated to NOCCSP over the next five years in the new farm bill. Including USDA's carryover estimates of $16.5 million (i.e. unused funding from the last farm bill), total cost share funding would increase to $40.5 million total over the next five years. This means that any gaps in service could be filled by the carryover funds; however it's possible that funding may fall short in the later years – leaving organic farmers without assistance to become certified.

- Reverts matching grant requirements for USDA National Institute of Food and Agriculture (NIFA) programs like OREI to those predating the 2014 Farm Bill. The 2014 Farm Bill instituted a 100 percent matching requirement for these programs, which exempted Land Grant Universities, USDA agencies, and certain other academic institutions – putting non-profit organizations at a disadvantage in competing for federal research, education, and extension funding. The 2018 Farm Bill reinstates NIFA's ability to provide a waiver for OREI grant applicants who are unable to meet the 1:1 match.

- Increases the payment cap for the Environmental Quality Incentives Program (EQIP) Organic Initiative (OI) to $140,000 over five years; less than the $160,000 that was included in the Senate-passed version. The bill also does not provide allocation of funds within EQIP for certified organic participants and those transitioning to organic production. EQIP OI provides financial assistance to organic producers to assist in implementing and installing conservation practices tailored to organic producers. Through this program, organic and transitioning producers can apply for EQIP funds and compete in a smaller pool of applicants than general EQIP. While NSAC is pleased with the increase in funds, we are disappointed that the higher Senate-passed payment limit was not included.

2018 FARM BILL DRILLDOWN: CONSERVATION

December 13, 2018

Major differences between the House and Senate-passed bills, including a broadly opposed House proposal to eliminate CSP, meant that advocates like the National Sustainable Agriculture Coalition (NSAC) had to work overtime to protect vital sustainable agriculture programs and practices. NSAC took a strong stand against the House-proposed CSP elimination, cuts to total conservation funding, and anti-environmental riders, and also fought for the inclusion of policy provisions to increase the effectiveness of and access to conservation programs.

Overall, we are pleased that the final farm bill takes the Senate's structural approach to the Conservation Title. The bill protects against cuts to total conservation funding and retains the full farm bill suite of conservation programs –including leaving CSP as a standalone program. We also applaud farm bill leaders for including key policy provisions to strengthen conservation programs and increase benefits for soil health and water quality. Many of these provisions were included in the SOIL Stewardship Act (H.R. 5188/ S. 2875) and the GROW Act (S. 2557). NSAC strongly endorsed both these bills, and thanks the Senators and Representatives who championed these and other conservation priorities in the final bill.

While the new farm bill makes some important strides forward on conservation, we are disappointed that long-term funding for working lands conservation programs will be significantly cut. The bill cuts future funding from CSP, and will result in $5.2 billion less funds available for working lands conservation in the next farm bill. This all but guarantees a tough, uphill battle to restore working lands and comprehensive conservation funding in the future.

Below, we include a summary of the key takeaways on how the final conferenced bill approaches programs and policies that support conservation:

Highlights

- Protects total funding levels for the Conservation Title as a whole.
- Incentivizes the adoption of cost-effective, high payoff activities within CSP by increasing payment levels for cover crops, resource conserving crop rotations, and management-intensive rotational grazing.
- Authorizes a CSP payment for financial and technical assistance to support the development of comprehensive conservation plans, which are fundamental to reaching higher levels of stewardship. The authorized payment would reflect the complexity of a plan's development.
- Ensures that all beginning and socially disadvantaged farmers enrolling in the Environmental Quality Incentives Program (EQIP) have the option to receive 50 percent of their cost share payment up front.
- Increases the wildlife habitat set-aside with EQIP from 5 to 10 percent of total funding.

- Authorizes a CSP "organic initiative," including an allocation of funds for certified organic participants and those transitioning to organic production.

- Increases funding for the Agricultural Conservation Easement Program (ACEP) to $450 million per year for all five years of the farm bill and beyond. ACEP funds wetland restoration and farmland protection.

- Within ACEP, prioritizes projects that maintain farm viability and includes affordability protections.

- Establishes a Clean Lakes, Estuaries, and Rivers (CLEAR) initiative within the Conservation Reserve Program (CRP) and reserves 40 percent of total continuous CRP acreage for water quality beneficial conservation buffer practices through CLEAR.

- Includes the Senate provision to increase funding for the Conservation Reserve Program – Transition Incentives Program (CRP-TIP) from $33 million to $50 million over the next five years – including $5 million for dedicated outreach to connect retiring farmers with beginning farmers, veterans, and farmers of color.
    - The bill also expands eligibility to all CRP contract holders, not just retiring farmers. Additionally, within CRP-TIP, participating farmers are now able to get a two-year head start on certifying land coming out of CRP into organic production.

- Increases CRP Grassland Initiative to 2 million acres by 2023, through which ranchers can maintain and enhance conservation cover on working grazing lands.

Mixed Bag

- Retains a relatively equal balance between EQIP and CSP funding from fiscal year (FY) 2019-FY 2023. However, the bill significantly redistributes funding from CSP to EQIP in the following five years of the budgetary funding window (FY 2024- FY 2028) and on into the future, greatly diminishing overall working lands conservation funding in the future.

- Authorizes a new Conservation Grassland Initiative within CSP to attempt to compensate farms with commodity base acres that have been entirely in grass for the past decade for a provision in the new farm bill that will deny them commodity payments. Those grass-based farms will get a one-time option to enroll in CSP for 5 years at $18 an acre. This takes additional funding out of CSP in the first few years of the farm bill that should have been paid for out of the commodity title.

- Increases the EQIP Organic Initiative payment cap to $140,000 over 5 years, but does not completely eliminate the differentiated payment rules that are biased against organic farms. The bill also does not provide for allocation of funds within EQIP for certified organic participants and those transitioning to organic production.

- Provides for coordination between EQIP and CSP processes, but does not authorize graduation from EQIP to CSP when meeting two priority resource concerns, as was included in the Senate-passed bill.

- Decreases the livestock set-aside within EQIP from 60 to 50 percent but does not include any reforms to limit funding to new and expanding concentrated animal feeding operations (CAFOs).

- Increases funding for RCPP to $300 million per year and does not pull funding from the underlying farm bill conservation programs. The revised RCPP now also increases the funding allocation going to states from 35 to 50 percent. However, the final bill includes a modified version of language from the Senate-passed bill that could take a significant portion of the funding and turn it over to private entities to administer with no assurance of public accountability for the expenditure of taxpayer dollars.

- Sets rental rates for CRP at 85 percent of county average for general enrollment and 90 percent for continuous. With incentive payments for partial field enrollments and beneficial practices within the continuous enrollment option, however, payments can still end up closer to 100 percent. However, for general enrollments, the change all but guarantees a much worse cost to benefit outcome, a negative result that could have been easily overcome with a less meat ax approach.

Lowlights

- Cuts long term funding for CSP in the out years (FY 2024–FY 2029), meaning that over $5 billion less will be available for CSP and EQIP in baseline for the next farm bill (as compared to current authority).

- Expands eligibility for EQIP to include irrigation districts and fails to include important sideboards that would protect against large construction projects limiting total funding available for farmers.

- Steps back conservation planning requirements within the Agricultural Land Easement component of ACEP by only requiring a conservation plan for highly erodible land. This change weakens the conservation focus of protected agricultural land.

- Fails to increase the set-asides within EQIP and CSP for beginning and socially disadvantaged farmers from 5 to 15 percent, which was recommended in both the GROW Act and the SOIL Stewardship Act. Set-asides for beginning and socially disadvantaged farmers within these programs have not increased since they were established in the 2008 Farm Bill, despite the fact that participation and demand from these groups has significantly increased.

- Fails to include a provision from the House's Healthy Fields and Farm Economies Act that would have provided the authority and funding for USDA to measure, evaluate, and report on conservation outcomes associated with conservation programs. This eliminates what could have been a key opportunity to improve program accountability.

A CLOSER LOOK AT THE 2018 FARM BILL: WORKING LANDS CONSERVATION PROGRAMS

January 14, 2019

Working lands conservation programs help farmers to enhance the sustainability of their operations while keeping land in production. The two primary farm bill programs that support these efforts are: the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP). Together, CSP and EQIP provide significant financial and technical assistance to farmers and ranchers across the country looking to maintain or improve their land stewardship. Working lands conservation programs not only improve natural resource stewardship, they also help farmers to increase their profitability (ex. lowering costs by using less inputs) and longevity of their operations.

Despite their myriad benefits, working lands conservation programs were at the center of major conflicts during the 2018 Farm Bill debates. In the final bill, conservation advocates in Congress were able to secure level-funding for the Conservation Title overall, but working lands conservation programs took a significant hit – particularly CSP. Even though farm bill implementation is currently on hold as a result of the partial government shutdown, farmers and advocates will want to get up to speed quickly on the changes (good, bad, and in-between) made to working lands conservation programs so that they can be in the best position to advance sustainable agriculture in the years to come.

Structure of Working Lands Conservation Programs

While complementary, the farm bill's two core working lands conservation programs (CSP and EQIP) are fundamentally different both in their approaches to advancing conservation and in how they target support and funds to farmers. During the 2018 Farm Bill debate, one of the biggest points of contention was around a proposal from the House to completely eliminate CSP and fold a limited number of its functionalities into EQIP. Thanks to advocacy from NSAC and many other farm and conservation groups, however, this attempt to eliminate the nation's premier working lands conservation program ultimately failed.

The final version of the 2018 Farm Bill retains CSP and EQIP as stand-alone programs and preserves their unique functions and objectives. CSP's focus is to provide comprehensive conservation assistance to address multiple resource concerns across an entire operation, whereas EQIP offers cost share payments for individual conservation practices. Ideally, EQIP would serve as a stepping stone program that would allow producers to start with targeted conservation efforts and then graduate into the whole-farm and longer-term conservation activities supported by CSP.

In addition to protecting CSP and EQIP's integrity as unique programs, the 2018 Farm Bill also made important structural reforms to increase coordination between the two working lands programs. NSAC was a vocal advocate for increased coordination between these two programs, and helped to advance this language in several farm bill marker bills, including the GROW Act and SOIL Stewardship Act.

The final 2018 Farm Bill directs NRCS to increase coordination between CSP and EQIP applications, contracting planning, practices, and administrative processes. While we are pleased that these provisions will help farmers looking to advance their conservation efforts move more seamlessly from EQIP to CSP, we are disappointed that the final bill did not include a provision to allow for *automatic* graduation from EQIP to CSP where eligibility requirements are met. Automatic graduation from EQIP to CSP would have dramatically increased the number of farmers transitioning to advanced conservation practices by further reducing paperwork and administrative burdens.

NSAC is also pleased that the 2018 Farm Bill includes increased payments for high level conservation activities like resource conserving crop rotations, advanced grazing management, and cover crop activities. Additionally, the bill authorizes for the first time a payment for comprehensive conservation planning, which will ensure participants have the support they need to take their stewardship efforts to the next level. Both of these provisions were included in the GROW Act and SOIL Stewardship Act thanks to the tireless work of our congressional champions and the conservation advocates who worked alongside them throughout the farm bill process.

It is important to note, however, that the significant funding cuts made to working lands conservation programs over the next ten years will ultimately reduce the impacts of these positive policy changes by dramatically reducing the number of farmers able to take advantage of them.

Funding

Conservation Title spending in the 2018 Farm Bill totaled nearly $60 billion over the ten-year scoring window of the bill. Overall, this funding level is the same as what was provided in the 2014 Farm Bill, however, there *were* some major shifts in funding distribution *within* the title.

NSAC is extremely disappointed, for example, that necessary increases for several farm bill conservation programs were granted at the expense of funding for CSP. Because there was no net increase in funding (and likewise no restoration of the $6 billion cut that the Conservation Title took in the last farm bill), funding increases for smaller conservation programs were provided by taking money out of CSP.

However, the cuts to CSP will not be immediately apparent. Because CSP contracts operate in five-years blocks, the funding for new and existing contracts will not see an overall decrease during this five-year farm bill cycle. The 2018 Farm Bill does, however, create a $5 billion hole in the total amount of funding that will be available for working lands conservation programs. If these shortsighted cuts are not reversed in the next farm bill, farmers will feel significant effects in future years.

Through the combination of funding for existing contracts plus new CSP contracts, CSP funding will not see an overall decrease during this five-year farm bill cycle. However, when Congress sits down to write the *next* farm bill, they will have $5 billion less in working lands conservation funds to work with (the 2018 Farm Bill cuts are spread out over a ten-year period). For additional details on the 2018 Farm Bill's impact on working lands and other conservation program funding, see NSAC's "Farm Bill by the Numbers" blog.

Implementation Timeline

For fiscal year (FY) 2019, the new farm bill directs USDA's Natural Resources Conservation Service (NRCS) to continue operating EQIP and CSP (and a majority of other farm bill conservation programs) under the rules of the 2014 Farm Bill. This delay is necessary so that NRCS can solicit and receive public feedback as part of their development of rules and implementation guidance.

At present, detailed timelines for FY 2019 conservation program enrollment periods have not yet been released. The National Sustainable Agriculture Coalition (NSAC) has urged NRCS to move forward with those sign-up as quickly as possible, and will continue working closely with the Administration to ensure sign-ups are rolled out expediently. Initial EQIP sign-ups did begin late last year (because the program had available funds), but NRCS has yet to initiate the FY 2019 CSP sign-up process.

What to Watch for As Implementation Moves Forward

As a result of the partial government shutdown, which is now the longest lapse in federal funding in history, we do not yet know exactly when USDA will be able to begin the rulemaking and implementation phases of the 2018 Farm Bill. We can however, gain some insight as to how the process might move forward by looking back at the 2014 Farm Bill.

Following the passage of the last farm bill in February of 2014, the CSP interim final rule was released in November and the EQIP interim final rule published in December 2014 – so roughly ten months after farm bill passage. Interim final rules are effective immediately, but do allow an opportunity for public comment following their publication. The final rule for CSP was released in March of 2016, with the final rule for EQIP following shortly after in May of 2016.

Assuming a similar timeline, we would anticipate that the interim rules for EQIP and CSP would be released later this year. As opportunities arise, NSAC will work with NRCS to ensure that rulemaking and implementation decisions allow for maximum conservation benefits and accessibility. With much about this "second stage" of the farm bill still unclear, the following two sections outline key issues that NSAC will be watching as these processes move forward.

What to Watch for: CSP

Grassland Conservation Initiative – The 2018 Farm Bill establishes a new Grassland Conservation Initiative within CSP. This initiative provides payments for farms that had previously received commodity payments for base acres that had been entirely in grass for the past decade. As a result of Title I changes to the farm bill, these acres are no longer eligible for commodity payments. Instead, farmers can opt to receive a one-time option to enroll in CSP for 5 years at a set rate. This puts CSP in the position of having to solve a problem that should have been addressed within Title I. In the implementation process, NSAC will be looking to ensure that this opportunity for CSP enrollment provides true grassland protection and enhancement of conservation benefits for participants who select the option.

Payments for Advanced Activities – One of the major wins for sustainability advocates in the 2018 Farm Bill was the increasing of payments authorized for conservation activities like cover crops, resource conserving crop rotations, advanced grazing management. As previously mentioned, the bill also increased payments for comprehensive conservation planning. In order for these wins to take root, however, they must be implemented in a way that offers payment rates adequate enough to incentivize producers to take on advanced conservation activities.

Renewal Opportunities – The final farm bill modifies the process through which existing CSP contracts can be renewed. Under the 2014 Farm Bill, participants with expiring contracts could opt to renew their contract for an additional 5 year period and be guaranteed a new contract so long as they met the terms of the original contract and agreed to adopt additional conservation as part of the next contract. The 2018 Farm Bill changes the renewal process such that participants can apply to renew, but they must compete for the same total pot of funding as new contracts (previously, funding for renewals was guaranteed). NSAC will be watching the implementation of this change to ensure that the conservation benefits achieved through an initial contract are appropriately considered for those applying to renew, as those gains should make them extremely competitive within the total ranking pool.

Prioritize Conservation Benefits within Ranking Process – Important policy changes to simplify the ranking process and stewardship threshold definition were made in the 2018 Farm Bill. NSAC will work to ensure that implementation reflects Congress' intent to increase program flexibility/accessibility and their intent to emphasize conservation benefits.

New Dollar-Based Program – The farm bill transitions CSP from an acreage-based to dollar-based program, and in doing so also eliminates the $18 per acre average payment rate that had been previously included. While there is no longer statutory direction as to the average payment rate or total acres enrolled in the new farm bill, NSAC urges NRCS to focus available funding on the most effective practices. The 2018 Farm Bill directs NRCS to produce a report looking at the most expensive practices and to determine if payments can be reduced – NSAC will seek to ensure that available dollars aren't sucked up by expensive practices with low conservation benefits, but that they are instead targeted to the most effective practices.

What to Watch for: EQIP

Irrigation District Eligibility – EQIP eligibility is expanded in this farm bill to include irrigation districts, which will be able to use the new authority to enroll large scale infrastructure projects. While the need to address drought (especially in western states) is important, it will be critical to ensure that implementation of this provision does not come at the expense of farmers who rely on EQIP to advance conservation practices. Unfortunately, the 2018 Farm Bill allows for an unlimited amount of funding to go to irrigation districts or similar entities, so it will be critical for stakeholders to monitor and provide clear implementation guidance on this provision.

EQIP Incentive Contracts – The final farm bill includes a new component within EQIP called Incentive Contracts. This is largely modeled off of the House's "Stewardship Contracts" proposal, which was intended as a replacement for CSP. There is no total amount of funding assigned to Incentive Contracts within EQIP, so it will be important to watch how this is rolled out. NSAC will be specifically watching to see if NRCS attempts to use EQIP Incentive Contracts as a substitute for CSP.

Changes to Livestock Set Aside – The farm bill decreases the percentage of total EQIP funding reserved for livestock contracts from 60 to 50 percent, and it also makes clear that the livestock allocation should include grazing practices. NRCS should promote the inclusion of grazing practices within the livestock set aside, as opposed to directing that funding toward concentrated animal feeding operations (CAFOs).

Advance Payment Improvements – In an effort to ensure historically underserved EQIP participants can access the upfront financial support they need to implement conservation practices, the new farm bill makes important changes to the program's advance payment option. All beginning and socially disadvantaged farmers enrolling in EQIP will now be provided the option to receive 50 percent of cost share payment up front thanks to these changes. Under the 2014 Farm Bill, this option was shockingly under-promoted by USDA and, as a result, under-utilized. NSAC, therefore, urges NRCS to actively promote this option under the 2018 Farm Bill in order to increase utilization rates.

Farmer and Stakeholder Input Needed in 2019

As NRCS moves forward with implementing the 2018 Farm Bill, farmers and other stakeholders will play a critical role in ensuring that working lands conservation programs are accessible and effective. The public will have an opportunity to weigh in on the specifics of these programs throughout the rule-making process, and NSAC will publicize all opportunities for submitting comments and recommendations. When new opportunities to participate in EQIP and CSP are finally available, it will also be critical for all stakeholders to help get the word out so that all qualified farmers looking to advance conservation on their operations have a chance to access these resources.

2018 FARM BILL DRILLDOWN: FOOD AND AGRICULTURE RESEARCH

December 14, 2018

Investment in public agricultural research leads to the advancement of new farming techniques and practices that can help farmers increase their profitability and sustainability. 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.

Several research and extension programs rely on the farm bill for their funding or authorization, including the Organic Agriculture Research and Extension Initiative (OREI), Sustainable Agriculture Research and Education Program (SARE), Specialty Crop Research Initiative (SCRI), and Agriculture and Food Research Initiative (AFRI). The National Sustainable Agriculture Coalition (NSAC) was pleased that each of these important programs was reauthorized in the recently finalized 2018 Farm Bill. We are also encouraged to see the inclusion of public plant breeding provisions that will increase farmers' access to the most productive and well-adapted seeds for their operations, geographies, and climates.

Generally, the compromise farm bill followed the Senate-passed bill's language on the research title, which in turn mirrored many of NSAC's farm bill proposals. About $630 million in new funding was allocated to agriculture research in the final bill: the Organic Agriculture Research and Extension Initiative(OREI) received $395 million (bringing the program to permanent, baseline funding), urban agriculture $10 million, and $40 million was allotted for 1890 land-grant scholarships.

The achievement of permanent funding for OREI is a huge win for organic farmers and the organic industry writ large. NSAC applauds Senate Agriculture Committee Chairman Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI) for recognizing the importance of organic research and for pushing this funding increase forward in the final bill, along with the legislative champions who fought hard for this win, including Senators Bob Casey (D-PA) and Susan Collins (R-ME), and Representatives Chellie Pingree (D-ME), Dan Newhouse (R-WA) and Jimmy Panetta (D-CA) – lead sponsors of the *Organic Agriculture Research Act*.

Though the Research Title did well overall, we were disappointed that dedicated funding for plant breeding research was not included. However, the reauthorization of the National Genetics Resources Program and improvements to the National Genetics Resources Advisory Council should allow stakeholders (including farmers and breeders) to continue providing valuable input on ways federal programs can help to address future seed needs. These provisions were included in the *Seeds For the Future Act*, which NSAC championed, and we thank Representatives Mark Pocan (D-WI) and Darren Soto (D-FL) and Senator Tammy Baldwin (D-WI) for their leadership on these issues in the farm bill.

Below, we include a summary of the key takeaways on how the final conferenced farm bill approaches programs and policies that support research and plant breeding programs:

Highlights

- Establishes permanent, mandatory funding for OREI, which is in line with NSAC's farm bill proposals. The 2018 Farm Bill will more than double OREI funding, increasing it from $20 million to $50 million per year over the next five years. The program will receive $20 million in grant funding for FY 2019 and FY 2020, $25 million in FY 2021, $30 million in FY 2022, and

$50 million in FY 2023 and each year thereafter. The establishment of permanent baseline funding means that OREI will receive at least this level of funding in perpetuity, rather than having to negotiate funding from scratch every five years when the farm bill is revisited again in 2023.

- Establishes new reporting requirements on public plant breeding through the National Genetics Resources Program, and through this, the National Genetics Resources Advisory Council (NGRAC). The bill mandates NGRAC to conduct a National Strategic Germplasm and Cultivar Collection Assessment and Utilization Plan, which "takes into consideration the resources and research necessary to address the significant backlog of characterization and maintenance of existing accessions considered to be critical to preserve the viability of, and public access to, germplasm and cultivars." As part of this analysis, stakeholder input, data reporting, and metrics must also be included to assess existing cultivar research, research gaps, and any advancements needed to further public plant breeding research.

- Permanently funds and reauthorizes the Beginning Farmer and Rancher Development Program(BFRDP), as part of the new Farming Opportunities Training and Outreach (FOTO) program. For more details on other beginning farmer wins, check out our previous post.

- Reauthorizes the Sustainable Agriculture Research and Education (SARE) program for the first time since the program's creation over 30 years ago. To this day, SARE remains the only farmer driven federal research program, and has helped launch advances in sustainable agriculture like cover crops, management intensive grazing, dryland farming and conservation tillage.

- Authorizes funding for a new urban agriculture research initiative. The new Urban, Indoor, and Other Emerging Agricultural Production Research, Education, and Extension Initiative received $10 million for competitive and extension grants over the next five years. This program will support research that contributes to: successful urban, indoor, and other emerging agriculture production; soil quality; local community needs; as well as explore technologies that minimize energy, lighting systems, water, and other food production inputs. There is also a data collection provision to gather information about community, rooftop and indoor gardens, urban farms, and hydroponic facilities.

- Awards 1890 land-grant institutions $40 million in funding for scholarships for students pursuing agribusiness, energy and renewable fuels, or financial management. 1890 land-grant institutions are Historically Black Colleges and Universities (HBCUs) that are authorized as land-grant universities under the Second Morrill Act of 1890, making them eligible for USDA capacity funding. Additionally, the bill makes important policy changes to ensure greater equity in extension funding for 1890s.

- Adds new soil health priorities to both the Agriculture and Food Research Initiative (AFRI) and OREI. The bill also adds new beginning farmer and rancher research priorities, including increasing viability of young, beginning, socially disadvantaged, veteran, and immigrant farmers and ranchers and farm succession and transition. The bill increases AFRI's administrative expenses from 4 to 5 percent, meaning slightly less will be available in annual grant funding.

Mixed Bag

- Reverses the matching grants requirement implemented in the 2014 Farm Bill for National Institute of Food and Agriculture (NIFA) competitive grant programs. While the farm bill doesn't eliminate matching grant requirements entirely, as NSAC and others within the research community proposed, this provision does at least reinstate waivers for some programs (including OREI) to better allow institutions and non-profit organizations who are unable to meet the matching requirement to apply for grant funding.

- Includes NSAC's farm bill proposals for the Office of the Chief Scientist, including making improvements in personnel to assist the Chief Scientist's leadership duties. The Chief Scientist will select staff to oversee implementation, training, compliance and reporting with the scientific integrity policy of the Department. The Chief Scientist will also appoint a Honeybee and Pollinator Research Coordinator to implement and coordinate pollinator research efforts. However, the final bill fails to include a new Strategic Investment Fund (SIF) within the Office of the Chief Scientist (as recommended to congressional leadership by a group of over 70 agriculture research stakeholders in October 2017). If included, SIF would have worked to improve collaboration in addressing emerging opportunities with respect to pressing societal challenges, especially those requiring urgent emergency responses or those that require more than one agency.

Lowlights

- Fails to expand AFRI to explicitly address important research priorities like climate change mitigation and adaptation, and also fails to clarify the definition of conventional breeding to prohibit transgenic methods (i.e. biotechnology).

- Does not establish dedicated funding for plant breeding research, leaving this important research area woefully underfunded to meet current and future needs. Hopefully, the funding increase provided to OREI will result in more funding for organic plant breeding projects, so that farmers are able to better access regionally adapted seeds.

- Fails to expand and make fully competitive integrated projects within AFRI. Under current law, funding for AFRI integrated projects – which focus on research, education, and extension activities – are restricted to colleges and universities, 1994 Land-Grant Institutions, and Hispanic-serving agricultural colleges and universities. NGOs and other community research organizations will continue to be ineligible to apply for funding, unless they partner with an eligible institution.

2018 FARM BILL DRILLDOWN: COMMODITY PROGRAMS AND CROP INSURANCE

December 14, 2018

Many farm bill watchers, and even some Members of Congress, have referred to the new 2018 Farm Bill as a status quo bill. While that may not be universally accurate, it is generally so with respect to the farm bill's twin safety net elements – commodity programs and federal crop insurance. Despite relatively low commodity prices and declining farm income, there were surprisingly no major reforms or dramatic funding increases in either of these two areas.

In one very major way, however, the 2018 Farm Bill did take a huge step backward. House Agriculture Committee Chairman Michael Conaway (R-TX), having lost nearly all of what was in his House bill (which sought to eliminate core conservation programs, restrict SNAP eligibility, and weaken environmental regulations), came away with a giant concession prize. Instead of closing egregious subsidy loopholes, the compromise farm bill ensured that huge commodity subsidy checks will continue to flow to the nation's largest farms in an unlimited fashion – despite long standing statutory payment limits.

"Status quo" farm bill or not, there were still many important provisions to note in the 2018 Farm Bill's Titles 1 (commodity programs) and 11 (crop insurance). Below, we include a summary of the key takeaways on how the final conferenced bill approaches programs and policies on commodity programs and crop insurance:

Highlights

- Improves *Whole Farm Revenue Protection* (WFRP), a risk management policy for diversified farms of all types. WFRP's inclusion in the 2014 Farm Bill was a major victory for the National Sustainable Agriculture Coalition (NSAC), and we have been working hard to continue improving the program ever since. The 2018 Farm Bill supports these continued efforts by:

    - Directing the Risk Management Agency (RMA) to engage with WFRP stakeholders to improve the program. As part of that process, RMA is directed to consider removing caps on livestock and nursery production coverage, reduce paperwork and simplifying record keeping, find better options for moderating the impact of disaster years on coverage, and improve insurance agent training to better reach the small farm sector and underserved regions.
    - Increasing from 5 years to 10 years the period of time that beginning farmers have to access WFRP's beginning farmer 10 percent premium discount.
    - Directing RMA to investigate how and whether WFRP could better serve farmers engaged in local food markets.

- Adds a *Local Food Policy* to the list of new policies that RMA should develop in the coming years. The local food policy would be oriented toward livestock, poultry, and specialty crops in urban, suburban, and rural settings. This would include direct-to-consumer and farm-to-institution programs, community supported agriculture, as well as greenhouse, rooftop, and hydroponic production. The policy would direct that local price premiums be included in revenue determinations.

- Mandates that RMA produce an *Underserved Producer Report* every three years, which must include recommendations for improving participation by beginning, socially disadvantaged, and veteran producers. The report must also include plans for administrative reforms and recommendations for congressional action.

- Improves the *Noninsured Crop Assistance Program*(NAP), which provides insurance coverage through the Farm Service Agency (FSA) to producers and crops not otherwise eligible under federal crop insurance, in several ways:

    - The "buy-up" coverage added by the 2014 Farm Bill is made permanent, with a payout limit increased to $300,000. A $325 service fee is waived for beginning and socially disadvantaged farmers, who also receive a 50 percent premium discount. The coverage includes local, organic, contract, or other premium prices.
    - A streamlined policy is created for diversified operations, as well as for farms with less than $100,000 in liability, which simplifies the process for submitting farm records and acreage reports.
    - FSA and RMA are directed to collect and share data so that RMA can develop policies for NAP users. The bill also requires a coordination effort between the two agencies to provide better coverage options for beginning and socially disadvantaged farmers.
    - FSA and RMA are directed to work together to help the transition of crops and counties from NAP to crop insurance, including assisting beginning farmers to use NAP as an on-ramp to federal crop insurance.

- Requires RMA to establish continuing education requirements for loss adjusters and insurance agents that include conservation activities and agronomic practices (including organic and sustainable practices) common to particular regions.

- Improves coverage for small dairy farms under the newly renamed *Dairy Margin Coverage program*. The final bill sharply reduced premiums for the first five million pounds of production (roughly equivalent to 240 cows) and raises the top margin coverage level from $8 per hundredweight to $9.50.

Mixed Bag

- Includes a strong *step forward toward ending discrimination against farmers* who adopt cover cropping. For several years, NSAC has made incremental progress in convincing RMA to count all conservation practices and enhancements as "good farming practices" for crop insurance purposes. The new farm bill takes another big step forward by clarifying the definition of cover crop termination in a way that will reduce farmers' fears that cover cropping could risk their crop insurance coverage.

    - However, the final bill deletes Senate passed language that would have included all conservation activities, not just cover cropping. The report accompanying the bill does at least send a strong signal to RMA, reiterating the point that NSAC has been making over and over again, stating: *"The Managers expect USDA [U.S. Department of Agriculture] to coordinate internally and provide clear guidance to farmers, agents and loss adjusters to ensure that guidance, procedures, or advice regarding voluntary conservation practices from one part of USDA does not potentially put other USDA benefits at risk."*

- Closes a loophole in *Sodsaver* policy (which denies crop insurance subsidies for land broken out of native sod to expand crop production) policy. The loophole allowed receipt of insurance subsidies for cropping grassland after growing non-subsidized crops for four years. The final bill does not, however, expand the Sodsaver provision to states outside the prairie pothole region that voluntarily elect to be included, as was proposed in the Senate-passed bill. NSAC has strongly advocated for this important conservation provision to be applied nationwide.

- Requires USDA to identify available data relevant to conservation practices and the effects of conservation adoption on crop yields, farm and ranch profitability, and soil health. The bill also requires USDA to then report to Congress on how they will provide secure access to that data to university researchers. The ultimate goal is to foster research that can help create a stronger interface between crop insurance risk rating and premiums and conservation.

    - The Senate-passed bill would have directly created a secure data warehouse within USDA that could be accessed by researchers, and directed RMA to work with other agencies to conduct new research on yield variability and risk as impacted by conservation practices. Hopefully, this compromise will allow USDA to achieve the same goal after studying the matter for the next year.

- Rejects in large-part the House bill's provision to deny commodity program benefits to farmers who choose to plant alternative crops, or who choose to convert a portion of their former cropland to grass-based agriculture. That provision would have unfairly reduced planting and enterprise flexibility and encouraged unsustainable practices. However, the final bill does deny program benefits to those farms that for a period of at least 10 years have converted the entirety of the previous cropped acreage to grass-based agriculture. For those farms, a one-time opportunity was provided for them to enroll in the Conservation Stewardship Program.

Lowlights

- Rejects the Senate-passed bill provision to encourage *Performance-Based Insurance Premium Discounts* for adoption of advanced conservation systems.

- Includes a major new *payment limit loophole* to provide the largest commodity farms in the country with a way to avoid the statutory limit of $250,000 a year on commodity subsidies.

- The House bill proposed two major new loopholes, one for corporations and one for extended family members, which would both would nullify the payment limit. The final bill incorporates the second of the two proposed loopholes, and rejects the Senate-passed bill's provision to reform payment limit law so that the statutory limit is actually the effective limit.

    - Cousins, nieces, and nephews of the farm owner (not just immediate family members) are made eligible for payments through this new loophole. This means that the number of multiplications of the statutory limitation is limited only by the size of the extended family.
    - USDA could easily restrict this obscene fraud or even negate it by closing loopholes that the Department itself has created administratively, but it remains to be seen if they will. History suggests that the Department will keep the spigot open and allow extreme program abuse to continue. If so, it will be to the long-term detriment of family

farmers, dampening new opportunities for aspiring producers and negatively impacting the health and well being of rural communities.

- Removes marketing loan gains and loan deficiency payments from payment limits altogether.

- Fails to include the Senate-passed provision to reduce the commodity program eligibility threshold from people with less than $900,000 a year in adjusted gross income (at least twice that for most married couples) to $700,000 a year.

Other Provisions

Elsewhere in the commodity title, the new bill:

- Allows farmers to switch between the two major programs – Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) – on an annual basis rather than once a farm bill cycle.

- Provides for an increase in PLC reference prices when commodity prices improve.

- Allows for all program participants in certain circumstances to update their yields that help determine payment levels certain circumstances.

- Increases the marketing loan price level for nearly all commodities.

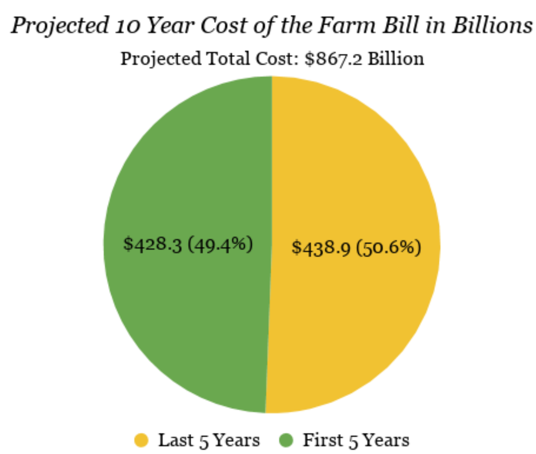
2018 FARM BILL BY THE NUMBERS

December 21, 2018

The farm bill is complex package of legislation – like other authorizing bills, the bill's primary focus is on policies and programs, but unlike many authorization bills, the farm bill also provides direct funding for many of the programs it authorizes. Farm bill programs, therefore, have two ways to receive funding: mandatory (or direct) funding through the farm bill, and annual funding through the appropriations process. Because mandatory funding provided by authorizing legislation is substantially larger than appropriated funds, which programs receive mandatory funding and how much is always a contentious issue in farm bill debates.

In this post, we provide a high-level overview of some key spending pieces included in the 2018 Farm Bill.

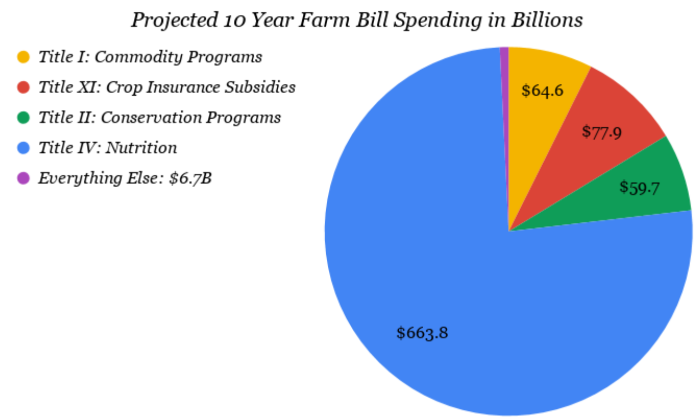
Total Farm Bill Direct Spending



The new bill is estimated to spend $428.3 billion over its 5-year lifespan, and $867.2 billion over the 10-year time frame by which all bills are measured per congressional budget rules. These final totals very closely match the budget "baseline" dollars (current spending projections, prior to the new bill becoming law, without any changes in policy or programs) with which the farm bill's authors had to work.

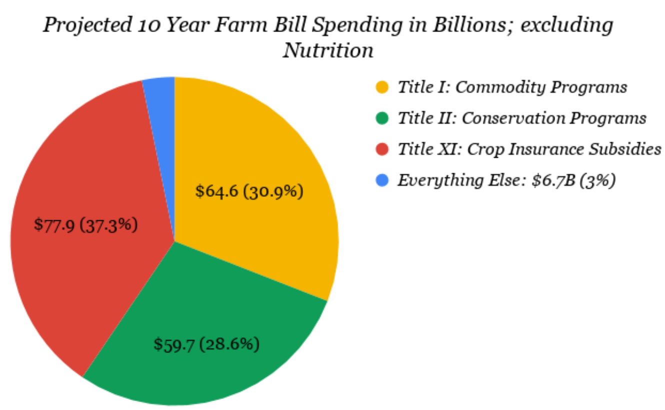
The new bill includes $1.8 billion in additional spending relative to baseline over the next 5 years, but more or less matches the baseline over the 10-year window. However, that does not mean that money does not shift *within* the bill and *between* titles of the bill. Closely adhering to the baseline dollar amounts only means that when considering farm bill funding as a whole and on a net basis, there is very modest change.

The Big Four



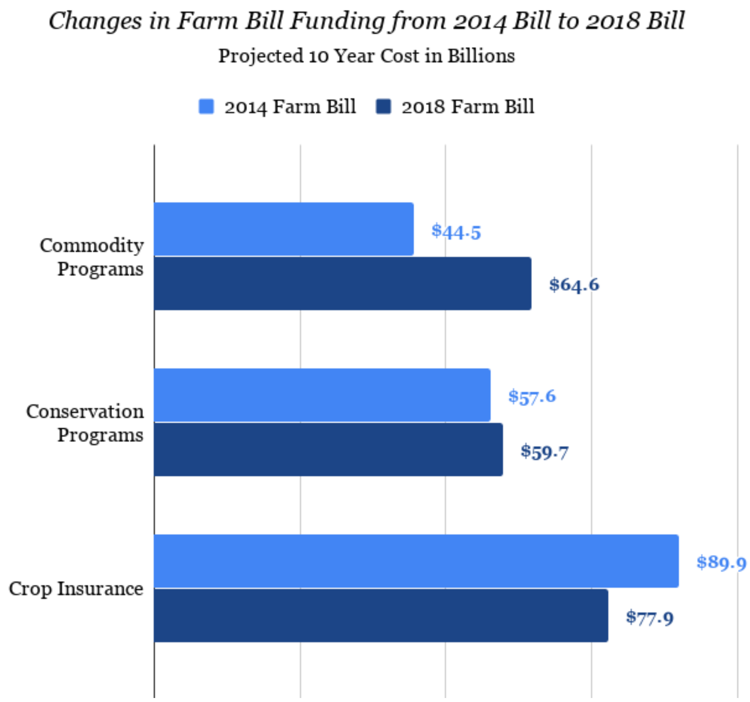
Four titles of the 12-title farm bill receive the lion's share when it comes to direct funding – nutrition programs (primarily the Supplemental Nutrition Assistance Program or SNAP), commodity programs, federal crop insurance, and conservation. The Nutrition Title is by far the largest, representing nearly 77 percent of all farm bill direct funding in the new bill. The "farm" part of the new farm bill represents 23 percent of the bill's direct funding, including the commodity, crop insurance, and conservation titles, which is spread across a wide range of programs.

The Farm Slice



This pie chart removes nutrition from the total in order to look more closely at the farm side of the bill. In addition to the big three of the farm bill's farm portion – commodities, crop insurance, and conservation – the farm bill also includes mandatory funding for programs dealing with trade promotion, agricultural research, renewable energy, specialty crop, local and regional food, organic, beginning and socially disadvantaged farmer, and animal disease prevention, represented here by the "everything else" three percent slice. (More about "everything else" in the very last chart in this blog.

What's Changed Since Last Time?

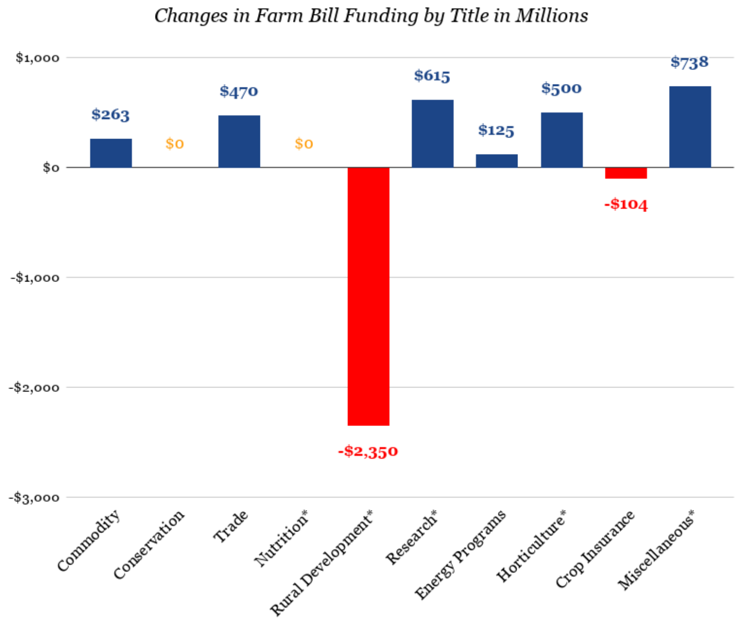


Since the 2014 Farm Bill has been in effect, the commodity farm economy has been in a state of decline. Due to lower commodity prices than anticipated when the 2014 bill was signed, the projected cost ($44.5 billion over 10 years) illustrated above made in 2014 proved to be way off. Thus, the big increase shown graphically above between the two bills has less to do with any major changes in the new 2018 bill, and more to do with commodity prices being lower than projected back in 2014. Because U.S. commodity support costs are counter-cyclical, costs increased as the commodity economy declined. A small portion of the increase stems from policy changes made during 2018, but the bulk comes from changes in the baseline.

By the same token, lower farm gate prices have resulted in lower premium subsidies for federal revenue insurance since projected revenues are factored into premiums. Hence, just as the cost of commodity programs rose, the cost of the federal crop insurance program has gone down compared to estimates made following the 2014 Farm Bill. The combined net cost of the two sets of safety net subsidies did rise, however, by over $8 billion.

The Conservation Title took a $6 billion hit to overall funding in the 2014 Farm Bill; funding levels in the new bill retained that $6 billion cut but then neither increased nor decreased total funding from that new lower baseline. The small increase in projected costs between the two bills derived from baseline assumption changes and not from policy changes.

What Went Up, What Went Down



**The Nutrition Title is level funded overall, but certain savings within the title from SNAP help fund the new, increased permanent funding for the Food Insecurity Incentives Program (FINI). The Rural Development Title decrease is all from one provision (cushion of credit) explained in the text below. Total new funding for research and extension grants is actually a bit higher than shown here because the Beginning Farmer and Rancher Development Program, administered by the National Institute for Food and Agriculture, has been moved from the Research Title to the Miscellaneous Title. The biggest share of the increase in the Horticulture Title and Miscellaneous Title is the LAMP and FOTO program, respectively.*

There are no huge changes in spending in the new farm bill relative to baseline funding. The cost of the commodity title increased some, primarily due to:

- A new annual option that allows commodity farmers to choose between the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC). The vast majority of farmers are projected to take the PLC option, at least in the near term, and that will result in increased spending.

- An escalator clause that will make PLC payments more likely even if prices recover.

- The most extensive set of increases to commodity loan rates since 2002.

- A double dipping provision to allow dairy farmers to participate in the dairy program at the same time that they also participate in subsidized livestock gross margin insurance on the same milk production.

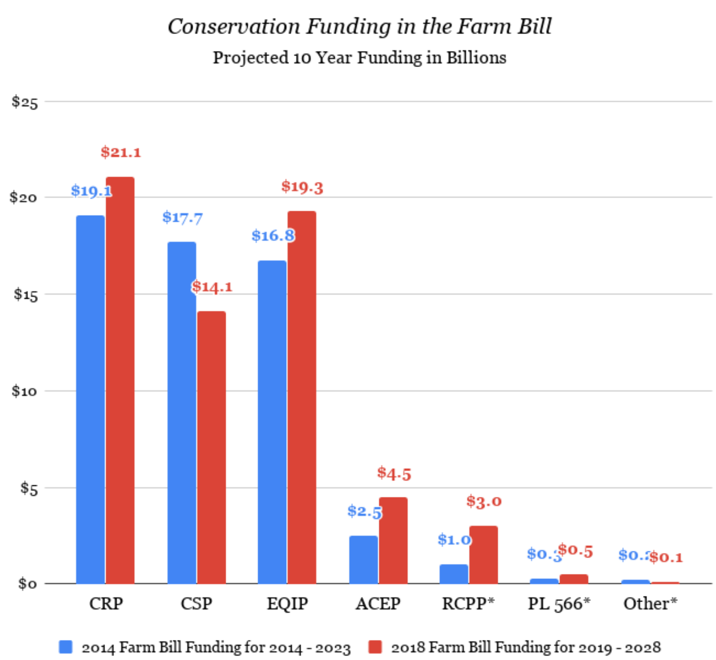
About 40 percent of the net increase in commodity program spending is offset by an increase in crop insurance fees for catastrophic coverage and other small changes to the Crop Insurance Title. A provision removing commodity program benefits from farms that 100 percent converted cropland to grass-based agriculture also provides a partial offset, though partial compensation for these operations is actually moved to the Conservation Title, with the addition of an option for payment within the Conservation Stewardship Program (CSP).

Stitching together a new farm bill under a "no new funding" constraint inevitably requires Congress to fund emerging priorities through creative trimming or eliminating of existing programs. The title-by-title chart above illustrates which of the other more minor titles of the farm bill received new or increased funding, as well as where the major offsets came from.

Titles that received new funding included: Trade, Agricultural Research, Horticulture (primarily local and regional food and value added agriculture programs), and Miscellaneous (primarily beginning and social disadvantaged farmer programs, plus the new animal disease vaccine bank).

The bulk of the offset for new funding came from a change to a provision known as the "cushion of credit" for rural electric utilities, which shows up in the chart as part of the Rural Development Title. An anachronistic provision of law locked in a 5 percent interest rate for a rural electric escrow account, even while interest rates plummeted for the past ten years to much lower levels. This created a windfall, resulting in the originally small account mushrooming to over $7 billion in value. The new farm bill keeps the windfall interest rate at 5 percent for two years, but reduces it to 4 percent in 2021 and then to the one-year Treasury rate thereafter.

Robbing Peter to Pay Paul



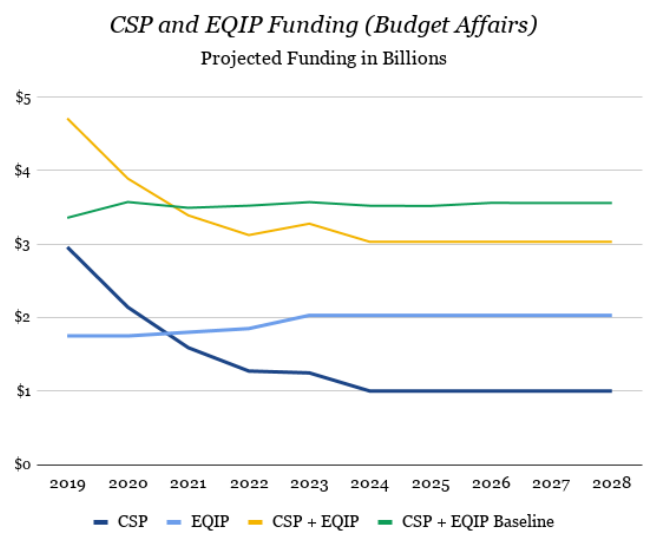
The funding increase for the Regional Conservation Partnership Program (RCPP) shown in the chart above is a bit misleading. Total funding available for RCPP is actually reduced, but the funding mechanism has been changed. Under the 2014 Farm Bill, the primary funding was money transferred from EQIP, CSP, and ACEP to RCPP. Under the new bill, no money is transferred and instead the program will rely entirely on its own funding line. The Public Law 566 or Small Watershed Dam Rehabilitation Program is for the first time ever being granted permanent mandatory funding status under the new bill. The "Other" category include a variety of small programs including feral hog control payments and payments to farmers to allow hunting on their property.

On a net basis, Conservation Title spending remained level in the new farm bill. Although the National Sustainable Agriculture Coalition (NSAC) and other conservation advocates had pushed for increased funding, flat funding was at least a better outcome than cuts – as we saw to the tune of $4 billion in the 2014 Farm Bill (or $6 billion when accounting for automatic sequestration cuts).

However, in order to increase spending on conservation easements (e.g., wetland restoration easements and farmland protection easements), provide new permanent funding for small watershed dam rehabilitation, and fund a variety of small programs (e.g., feral swine control), the bill significantly reduced funding for working lands conservation.

While NSAC supports the case to increase funding for many of these conservation programs, especially easement funding, we strongly oppose Congress' decision not to restore the $6 billion cut from the title by the last farm bill. By failing to restore this massive funding cut, the 2018 Farm Bill essentially robs Peter to pay Paul. With even less funding available for working lands conservation in the future, when Congress writes the next farm bill it will face tough constraints indeed to pay for much-needed water quality and quantity improvements and soil health efforts to address climate change mitigation and adaptation.

A Closer Look at Working Lands Conservation



The farm bill's two primary working lands conservation programs are the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP). Despite the fact that helping our farmers to sustain their operations and natural resources through conservation practices should be a bipartisan no-brainer, working lands conservation was at the center of several 2018 Farm Bill fights.

The dispute over working lands conservation started early on, with the House and the Senate bills leagues apart in their language and goals for conservation. The House bill proposed to completely eliminate CSP, while the Senate bill retained both CSP and EQIP as standalone programs serving distinct purposes. The final farm bill retains both EQIP and CSP as standalone programs, but as illustrated in the chart above, over time it takes funding from CSP and shifts it to EQIP and other Conservation Title programs.

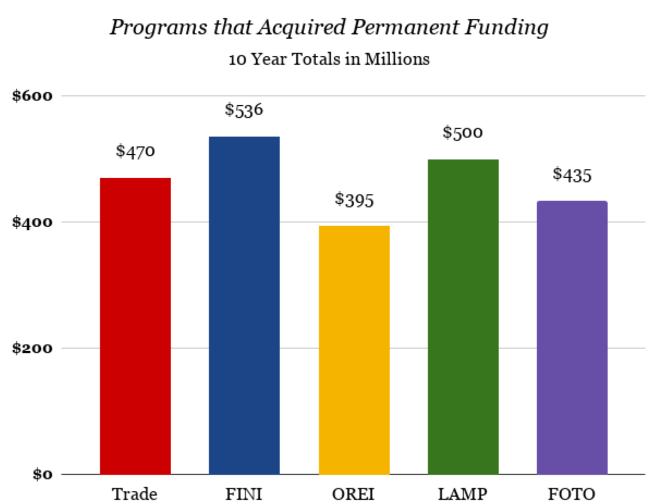
NSAC fought hard to protect CSP's unique identity as well as its funding, and while we were delighted by the policy improvements included in the new bill, we were very disappointed to see Congress' lack of funding support for the only conservation program that takes a performance-based and comprehensive approach to stewardship. The chart above reflects funding authorized for new CSP contracts, as well as funding available to pay out existing five-year contracts that are already in place. As one can see, the new farm bill will result in a steep decline in total funding for CSP as currently enrolled contracts expire.

Under the 2014 Farm Bill, funding was equally distributed between EQIP and CSP. The 2018 Farm Bill, conversely, tilts funding way from CSP and toward EQIP. By the end of the bill's five years (once existing CSP contracts expire) there will be a nearly $1 billion per year difference between total funding available for EQIP vs. CSP.

The chart above also reflects the total amount of funding available for EQIP and CSP over the ten-year funding window of the new farm bill. As illustrated by comparing total funding for these two programs under the new bill (gray line) to current baseline estimate under the 2014 Farm Bill (yellow line), the long-term loss in funding will be roughly $500 million. The difference between what is authorized under this farm bill and what had been available under previous baseline, for the "out years" of the farm bill (2024 – 2028) is significant. The ten-year total of what Congress will have available in baseline funds for working lands when they go into the next farm bill will be more than $5 billion less than what would have been available if there were no changes made in the 2018 bill.

Despite the overwhelming environmental need and farmer demand for conservation assistance, advocates like NSAC will have an uphill battle to restore the lost funding in the next farm bill.

Orphans No Longer



The new bill combines a variety of trade promotion programs under one umbrella and increases funding by $470 million over 10 years for a grand total of $2.55 billion over the coming decade. In the process it makes all the trade promotion programs permanent. The other programs that will now have permanent mandatory funding status are the Food Insecurity Nutrition Incentives (FINI), Organic Agriculture Research and Extension Initiative (OREI), Local Agriculture Market Program (LAMP), and Farming Opportunities Training and Outreach (FOTO).

One of the biggest victories for NSAC and our allies and champions in the 2018 Farm Bill was the provision of mandatory, permanent funding to several "tiny but mighty" farm bill programs. These programs were formerly known as "orphan" or "stranded" programs because their funding would sunset and have to be renewed every farm bill cycle in order for them to continue operating.

In all, the 2018 Farm Bill provides mandatory funding for six tiny but mighty farm bill programs, including the:

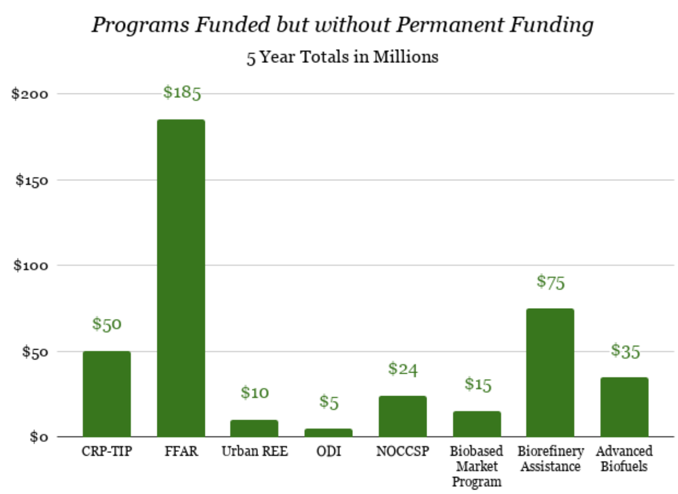
- Beginning Farmer and Rancher Development Program (BFRDP)
- Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers (also known as the "Section 2501" program)
- Farmers Market and Local Food Promotion Program (FMLFPP)
- Value-Added Producer Grants Program (VAPG)

- Organic Agriculture Research and Extension Initiative (OREI)
- Food Insecurity Nutrition Incentives (FINI), which was recently renamed the Gus Schumacher Nutrition Incentives Program (GSNIP) for our dear friend, who championed so many farmer-to-consumer causes in his lifetime.

Some of these tiny but mighty programs were combined in order to create larger, more robust programs with mandatory funding: BFRDP and Section 2501 were combined into the Farming Opportunities Training and Outreach (FOTO) program; FMLFPP and VAPG were combined into the Local Agriculture Market Program (LAMP).

The un-orphaning of these tiny but mighty programs is a huge victory for the sustainable agriculture movement. Finally, farmers of color, new and beginning farmers, farmers serving value added or local markets, and organic farmers have a permanent seat at the farm bill table. Permanent, mandatory funding will ensure that these programs – and those they support – have security and something to build upon in the future.

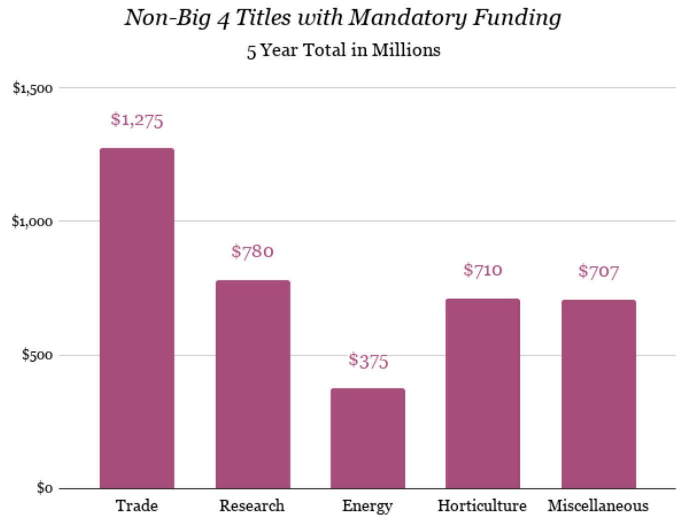
Other New Spending



The 2018 Farm Bill, like most of its recent predecessors, is not entirely devoid of orphaned programs; many are illustrated in the chart above. Orphaned programs of particular interest to NSAC and the sustainable agriculture community include the Conservation Reserve Program (CRP) Transition Incentives Program (TIP), National Organic Certification Cost Share Program, and the Organic Production and Market Data Initiative (ODI).

CRP-TIP provides opportunities for new farmers to lease or buy land that is coming out of CRP contracts. This program not only helps connect beginning farmers to scarce farmland, it also ensures that the land is well stewarded even after it returns to production. The National Organic Certification Cost Share Program provides assistance to help offset annual certification costs under the National Organic Program. Lastly, ODI boosts funding available to USDA to develop and make available basic production and marketing information about the organic agriculture sector.

Beyond the Big 4 – Totals



Above we looked at programs that have just acquired permanent mandatory funding in the new bill. We also looked at some of the programs that receive mandatory, but not permanent funding. There is another category, programs that already have permanent mandatory funding, programs like the Specialty Crop Block Grant program and the Rural Energy for America Program. In this final chart, we have tallied the budget authority, by title, of all three of these categories, to help show where the farm bill is investing money within that tiny overall sliver that we labeled "everything else" in the opening pie charts at the top of this blog.

Turning to Implementation

As discussed above, the numbers are an important part of the 2018 Farm Bill, but of course the numbers alone do not tell the full story. As we have previously reported through our drill down blog series, the policy reforms included in the bill will have major implications for agriculture and food systems in the years ahead.

With the farm bill now signed into law, NSAC will turn our attention to implementation of the bill, working to protect and enhance the wins that we secured in statute, ensuring the details of how these changes are rolled out and interpreted by the USDA ensure critical benefits for sustainable agriculture over the next five years and beyond.