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NATIONAL CAMPAIGN FOR SUSTAINABLE AGRICULTURE

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FEDERAL PROGRAMS RELATED TO SUSTAINABLE AGRICULTURE FY07 APPROPRIATIONS PROSPECTS

Below are quick descriptions of federal programs the National Campaign for Sustainable Agriculture may choose to be among its funding priorities for Fiscal Year 2007 (FY07). These sketches are intended to help members of regional Sustainable Agriculture Working Groups (SAWGs) and the National Campaign's partner organizations in filling out the priority-setting sheet entitled FY07 Agricultural Appropriations Priorities Survey dated January 6, 2006. Note that following each paragraph description is the amount that each program will have appropriated for it in FY06.

Also please note that the recent brutal budget reconciliation process revised all of the FY06 appropriations figures shown below down by 1%. It also cut about \$660 million from the approximately \$17 billion that agriculture will fight over in the FY07 appropriations season. These cuts came mostly from conservation, research and rural development, which will mean that this coming appropriations year will be an even harder struggle. Setting priorities carefully is thus even more crucial for the sustainable agriculture movement.

Sustainable Agriculture Research and Education (SARE) - This competitive grants program funds high-quality, farmer-based research and education on economic, agronomic, and environmental aspects of sustainable agriculture farming systems, including the highly popular Producer Grants program. Authorized at \$40 million per year, it has been grossly underfunded for years. \$12.4 million funded for FY06.

SARE's Professional Development Program - Also sometimes referred to as the "Chapter 3" or "sustainable agriculture extension" program, this program funds projects to train extension, NRCS and FSA staff, and other agricultural professionals in sustainable agriculture concepts, research and practices. Authorized at \$20 million per year. \$4.1 million funded for FY06.

Appropriate Technology Transfer for Rural Areas (ATTRA) - This national information service answers practical questions from farmers and others who call its 1-800 telephone number about matters ranging from sustainable agriculture agronomic methods to small business start-up strategies and everything in between. After years of constant funding at \$1.3 million, it increased slightly first to \$1.5 and now \$2.5 million. \$2.5 million funded for FY06.

Organic Transition Program is a research grants program that helps farmers surmount challenges of organic production and marketing. As the organic industry continues to grow at 20% per year, extension and other information providers report more farmers seeking reliable information on making the transition to organic production. \$1.9 million funded for FY06.

Beginning Farmers and Ranchers Development Program (BFRDP) is a new 2002 Farm Bill-authorized program that provides competitive grants to fund new institutional partnerships that build local and regional training, education, outreach and technical assistance to support new farming opportunities. (Not yet funded).

Farm-to-Cafeteria Program ("F2C") - "Access to Local Foods and School Gardens," passed as Section 122 of the 2004 Child Nutrition Act, would help school systems overcome barriers to serving fresh, locally-produced foods in school lunch programs. F2C will be a competitive grants program to cover start-up activities for schools, including purchasing equipment to store and prepare fresh foods, developing vendor relationships with nearby farmers, planning seasonal menus and promotional materials, and providing experiential education programs about agriculture and nutrition. In the two years since it was authorized, Farm-to-Cafeteria has received no funding.

Direct Farm Ownership (DFO) and Direct Operating Credit (DOC) Programs - These programs offer farmers affordable credit with direct (as opposed to guaranteed) loans to buy and operate farms. Both programs target substantial funding to beginning farmers and ranchers and to socially-disadvantaged producers to purchase land or equipment and to finance annual operating expenses. \$208 million for DFO and \$650 million for DOC will be available for loans to farmers in FY06, based on appropriations of \$10.65 million and \$64.675 million, respectively, to cover the government costs for running the programs, including imputed interest rate subsidies.

Outreach and Assistance for Socially Disadvantaged Farmers ("Section 2501") - This program addresses the needs of small and minority farmers in gaining access to USDA's credit, commodity, conservation and other programs. It targets information on farm management, production and marketing assistance to minority producers, often through community-based organizations actually experienced in working with minority producers and knowledge of their assistance needs. \$6 million funded for FY06.

Extension Indian Reservation Program was authorized in the 1990 Farm Bill to establish extension education programs on Indian Reservations and tribal jurisdictions on agriculture programs and agriculture-related youth programs. The EIRP emphasizes training and employment of local people in positions such as program aides, master gardeners, and volunteers. Local advisory committees are involved in determining programs and priorities. Currently, there are 28 projects in 15 states, addressing livestock production, alternative crops, vegetable gardening, improved diets and nutrition, and a wide spectrum of 4-H/youth activities. \$1.996 million funded for FY06.

Office of Civil Rights aims to provide comprehensive protection against discrimination in employment practices and delivery of USDA programs to the public. Civil rights offices are located throughout the country, processing complaints of discrimination on the basis of race, color, national origin, age, sex, disability, religion, and political beliefs. \$20.109 million funded for FY 06.

WIC Farmers' Market Nutrition Program - This program offers vouchers or coupons for participants in the low-income Women, Infants and Children (WIC) program to purchase fresh fruits and vegetables at local farmers' markets. \$20 million funded for FY06. (See Seniors FMNP below under Mandatory Programs)

Federal-State Marketing Improvement Program - This matching funds competitive grants program supports studies on innovative marketing methods. Areas of emphasis include small farms, sustainable agriculture, and direct marketing, among others. Topics may include new crops, alternative markets and marketing systems, new handling, processing and distribution techniques to maintain and improve food quality, on-farm and local value-added activities, and market assistance to organic and specialty food industries. Projects, including those with farmer groups, are funded through state departments of agriculture or other state agencies. \$1.3 million expected in FY06, plus an additional \$2.5 million earmarked for Wisconsin.

Farmers' Market Promotion Program (FMPP) was authorized in the 2002 Farm Bill to establish, expand and promote farmers' markets, CSAs, internet, and other direct producer-to-consumer opportunities. Administered by the Agricultural Marketing Service, the program is authorized to provide grants to agricultural cooperatives, local governments, non-profits, economic development corporations and other eligible entities working to establish, expand and promote local farmers markets. \$1 million funded for FY06.

Rural Cooperative Development Grants program offers technical assistance through regional cooperative development centers to establish rural cooperatives of all kinds, including programs pertaining to agriculture. Sustainable agriculture, organic production and marketing and value-added initiatives are eligible to compete for funding. The program emphasizes projects that build capacity for longer-term cooperative development. \$6.5 million funded for FY06.

Rural Business Enterprise Grants - This program provides funds to support the development of small and emerging private businesses in rural areas. RBEG is one of the few sources of grants (rather than loans) that can be used to support agricultural processing and marketing for family farmers. \$40 million funded in FY06.

National Organic Program was authorized in 1990 to create national organic standards so that one common set of rules would apply to all foods that carry the label "certified organic." The program was not actually open for business until October of 2002. Even now, partly due to insufficient funding, some aspects of the NOP envisioned in the Act remain unimplemented \$2.026 million funded for FY06.

Organic Production and Marketing Data Collection Initiative provides segregated data on the production and marketing of organic agricultural products. Reliable, baseline and current data is needed on prices, yields, acreage, and production costs. Also key is farm income, crop loss, export and marketing data (supply and demand of organic products). Most categories of information described are already collected for conventional products by the USDA and would simply involve a further segregation of these existing data collection initiatives in order to deal with the organic sector. \$500,000 funded for FY06.

MANDATORY PROGRAMS -- The following programs are authorized to receive "mandatory" funding and thus should theoretically be protected from cuts in the annual appropriations process. Increasingly, though, mandatory funded programs have come under the budget knife from appropriators, and we have had to defend our priority programs.

Initiative for Future Agricultural and Food Systems (IFAFS) authorizes \$120 million a year to fund large, often multi-state research and outreach projects on a wide variety of topics, ranging from research on genomics to food safety technology to topics important to members of our community -- farmer profitability, small and moderate-size farm viability, environmental quality, and rural economic development. In FY06, as with other recent years, IFAFS funds have been put into the NRI, with stipulations that 22% of NRI funds must be spent consistent with IFAFS.

Organic Agriculture Research and Extension Initiative authorizes \$3 million per year in new mandatory appropriations in fiscal years (FY) 2003-07. Funds will be used to administer competitive research grants to focus on determining desirable traits for organic commodities; identifying marketing and policy constraints on the expansion of organic agriculture; and conducting advanced research on organic farms, including production, marketing, and socioeconomic research. \$3 million funded for FY06.

Community Food Project Competitive Grants Program - This competitive grants program funds community food projects designed to meet the food needs of low-income people; increase the self-reliance of communities in providing for their own food needs; and promote comprehensive responses to local food, farm and nutrition issues. \$5 million funded for FY06.

Risk Management Agency Partnership Agreements fund qualified public and private organizations to advance work of three program areas: Research and Development, Education, and Community Outreach. Research Partnerships fund research and development of new non-insurance risk management tools. Commodity Partnerships for Risk Management Education educate producers about financial management, crop insurance, marketing contracts, and other existing and emerging risk management tools. The Crop Insurance Education in Targeted States program educates producers in fifteen states designated as historically underserved with respect to crop insurance. The Community Outreach and Assistance Partnership Program targets risk management information to women, limited resource, socially disadvantaged, and other traditionally underserved producers of priority commodities. In FY06, it will be funded with \$25 million in mandatory funding (of which \$5 million must be for the 15 targeted underserved states). Historically, its funding has not been challenged or limited.

Value-Added Producer Grant Program (VAPG) (formerly the Value-Added Product Market Development Grant program) is a new competitive grants program helping producers move into value-added agricultural enterprises. The definition of a value-added product includes: a change in the physical form of the product, such as milling wheat into flour or strawberries into jam; producing a product in a way that enhances its value, such as organic, free-range, grass-fed, etc.; and physically segregating an agricultural commodity or product in a manner that results in the enhancement of the value of the agricultural product, such as the identity preserved marketing systems. It also includes using any agricultural product or commodity to produce renewable energy on a farm or ranch. Authorized in the 2002 Farm Bill to receive mandatory funding for up to \$40 million annually through 2007, its funding was reduced to \$15 million for FY04, \$15.5 million for FY05, and \$20 million for FY06 and made discretionary.

Renewable Energy Systems and Energy Efficiency Improvements Program was authorized in Section 9006 of the 2002 Farm Bill to assist farmers, ranchers, and rural small businesses in developing renewable energy systems and making energy efficiency improvements to their operations. Housed in USDA's Rural Development agency, this program is conducted in collaboration with the Department of Energy. In its first year, 2003, the program operated solely as a grant program, but in future years, it may provide loans as well. Funding at \$23 million in FY06, and under the budget reconciliation, cut down to \$3 million for FY07.

Senior Farmers' Market Nutrition Program (SFMNP) awards grants to states, United States Territories, and federally-recognized Indian tribal governments to provide low-income seniors with coupons that can be exchanged for eligible foods and culinary herbs at farmers' markets, roadside stands, and community supported agriculture programs. \$15 million funded for FY06.

Conservation Security Program (CSP) is a 2002 Farm Bill initiative to provide financial and technical assistance to farmers who are solving key natural resource and environmental problems by adopting sustainable practices and systems. The CSP provides support to farmers and ranchers who are already engaged in strong conservation systems to protect soil, water, air, and wildlife or who will adopt more sustainable systems as part of the program. Cut to \$259 million for FY06.

Environmental Quality Incentives Program provides financial and technical assistance to farmers and ranchers to spur the adoption of conservation practices or structures. At the national level, 60% of program resources are targeted to livestock-related natural resource problems and the rest to more general conservation priorities. \$1.017 billion funded for FY06.

Farmland Protection Program provides funds to help purchase development rights to keep productive farmland in agricultural use. Working through existing programs, USDA joins with state, tribal or local governments to acquire conservation easements or other interests from landowners. \$73.5 million funded for FY06.

Agriculture Management Assistance (AMA) provides conservation cost share assistance to producers in the 12 northeast states plus WY, UT, and NV. Producers may use the funds to construct or improve water management structures or irrigation structures; plant trees for windbreaks or to improve water quality; and mitigate risk through production diversification or resource conservation practices, including soil erosion control, integrated pest management, or transition to organic farming. Some AMA funds also support organic certification cost share and crop insurance subsidies. This program has been cut dramatically from its \$20 million authorized level to \$6 million for FY06.

Wildlife Habitat Incentive Program helps landowners to develop and preserve important wildlife habitat. The program offers technical assistance and cost-sharing for developing a wildlife habitat development plan and for managing the land in accordance with that plan. \$43 million expected in FY06.

Wetlands Reserve Program helps farmers take agricultural lands out of production and restore them as wetlands. Administered by NRCS, the program offers three options: permanent easements, 30-year easements, and restoration agreements, with the bulk of the funding going to permanent easements. Funding cut to permit protection of no more than 150,000 acres in FY06.