



CENTER *for* RURAL AFFAIRS

A FARM BILL FOR RURAL AMERICA

FARM BILL PLATFORM

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INTRODUCTION

The Center for Rural Affairs' mission is to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all, while engaging people in decisions that affect the quality of their lives and the future of their communities. To do that, we need a farm bill which helps rural America. While a great deal of this work is done on the ground and in communities, the overarching influence of the farm bill on every facet of this work cannot be ignored.

The Center's farm bill priorities continue our decades-long work of addressing the real needs of rural communities. These proposals will support family farms. They will preserve natural resources for our children and grandchildren. They will create opportunity for the next generation of beginning farmers. They will foster rural economic opportunity. Congress has a responsibility to serve rural citizens through the farm bill, and these proposals offer a path for them to do so.

We urge Congress to prioritize and support the needs of rural communities through these priorities, and to pass a new farm bill before the current one expires on Sept. 30, 2018.

CONSERVATION

Protect and improve farm conservation programs

Stewardship of our land and water for future generations is a core tenet of our work at the Center. Programs that support working lands conservation help steward our natural resources through supporting conservation of soil, water, and habitat on land that is also cultivated or grazed. This keeps land in production to support local farms and local economies.

Many farmers value good stewardship on their land but struggle to find the funds to integrate conservation practices into their operations. The major working lands programs in the farm bill are the Conservation Stewardship Program (CSP) and the

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Environmental Quality Incentives Program (EQIP). EQIP began with the 1996 farm bill, while the first version of CSP was introduced in the 2002 farm bill. EQIP supports a variety of conservation practices, while CSP assists farmers who want to go “the extra mile” with additional practices.

Our policy priorities to support farmers in practicing conservation on the landscape include:

- Preserving full funding for CSP and EQIP.
- Supporting farmers and ranchers in expanding conservation practices by making the transition from EQIP to CSP clear and easy.
- Supporting farmers enrolling in conservation by reserving 40 percent of Conservation Reserve Program (CRP) acres for the two enrollment pathways of continuous CRP and the Conservation Reserve Enhancement Program.
- Strengthening conservation monitoring to allow for tracking of impacts from conservation programs.

Manage risk through conservation

Many conservation practices reduce farmers’ risk. For example, cover crops and other soil-preserving practices that build soil organic matter can both increase soil water retention and improve drainage. Farmers deserve a system that rewards them for practicing good conservation, and crop insurance offers a key way to do this. The latest farm bill recognized the importance of conservation for risk management, and established minimum requirements for conservation in order to participate in many USDA commodity programs. These requirements are called “conservation compliance.” We support strengthening this link in the next farm bill by both incentivizing and rewarding investments in healthy soil and water.

Our policy priorities to help farmers manage risk through conservation include:

- Offering higher crop insurance premium subsidy rates to farmers implementing

conservation plans. This rewards and incentivizes responsible stewardship.

- Eliminating crop insurance rules that currently treat planting cover crops differently from other farming practices, forcing farmers to terminate cover crops by a certain date to qualify for crop insurance. Planting cover crops should be treated like every other farming practice, from cultivating to spraying.
- Offering lower subsidies for crop insurance premiums when farmers plant in native sod to incentivize its protection.

Interested in learning more? We support the Conservation Community’s Principles and Recommendations for Strengthening Conservation in the 2018 farm bill, which outlines several additional priorities for conservation. You can find it at www.sustainableagriculture.net.¹

CROP INSURANCE REFORM

Stop allowing taxpayer dollars to go without limit to the largest farmers

The Center for Rural Affairs supports a strong safety net for farmers. Crop insurance is an essential part of this safety net, and we ask Congress to preserve it in the next farm bill. However, crop insurance does not serve all farmers fairly. Under current policy, the very largest farms can collect crop insurance subsidies without limit. For example, if one operation farmed the entire state of Iowa, the federal government would subsidize their crop insurance on every single acre. This blocks beginning farmers out of the system and ensures that as the largest farms grow, they collect more subsidies. Along with reforms to expand access and enhance conservation, we can make crop insurance work in alignment with our values and priorities.

¹ <http://sustainableagriculture.net/wp-content/uploads/2017/09/2018-Conservation-Farm-Bill-Consensus-Statement-FINAL.pdf>

WHAT'S A CROP INSURANCE PREMIUM SUBSIDY?

- **Crop** – Plant or livestock grown or raised for sale.
- **Crop insurance** – Insurance that farmers can purchase to cover losses on their farms due to weather and other adverse impacts.
- **Crop insurance premium** – Cost to the farmer for purchasing crop insurance.
- **Crop insurance premium subsidy** – Amount of the premium that the government pays for.

Our policy priorities to support rural communities by reforming our crop insurance system include:

- Capping crop insurance premium subsidies at \$50,000 per operation. This would only apply to multi-peril policies since they are subsidized, and would not apply to crop-hail policies, which are not subsidized.
- Enacting strong “actively engaged in farming” rules, which would set a strict limit of one crop insurance subsidy per operation.
- Applying a \$900,000 Adjusted Gross Income limit on eligible crop insurance premium subsidies.
- Eliminating the subsidy for the Harvest Price Option, which allows farmers to hedge against future prices at the taxpayers’ expense.
- Supporting beginning farmers through no longer allowing established farmers to transfer yield data from their existing land to newly acquired land.

The farm bill also determines how taxpayer dollars are used to support the activities of crop insurance companies. This support is negotiated through the Standard Reinsurance Agreement, between the U.S. Department of Agriculture (USDA) and crop insurance companies, which sets the level of taxpayer funding the companies receive for offering crop insurance. In addition, crop insurance companies have a target rate of return of 14.5 percent. Even though private crop insurance companies benefit from taxpayer dollars through these agreements, any data on how crop insurance subsidies

are used is not publicly available, as it is for other USDA programs. We support the crop insurance industry using taxpayer dollars in fairer and smarter ways.

Our policy priorities for fairer use of taxpayer dollars for crop insurance include:

- Removing the requirement that the Standard Reinsurance Agreement be budget neutral, allowing the Risk Management Agency to negotiate a better deal for the American people.
- Reducing crop insurance companies’ target rate of return to 12 percent and reinvesting the savings into crop insurance program improvements.
- Requiring the annual release of data from crop insurance companies on profits, losses, and other activities.

Allow all farmers access to risk management tools

Many rural entrepreneurs take advantage of an open agricultural economic niche: for example, they may raise grass-fed beef, produce ice cream, or sell vegetables. Crop insurance, however, has not always been available to all farmers. Farm bill policies like Whole Farm Revenue Protection (WFRP), and others that support beginning farmers, provide important risk management tools for rural agricultural entrepreneurs.

Our policy priorities to support all farmers in accessing risk management tools include:

- Supporting WFRP usage for farms with community-supported agriculture.
- Offering additional compensation to insurance agents for time needed to write

WFRP policies. This removes a current disincentive for writing them.

Interested in learning more? We examined WFRP usage in Nebraska. Check out our findings in a recent report, “New option for farm risk management: Whole Farm Revenue Protection (WFRP) usage in Nebraska.” Download it at www.cfra.org.²

BEGINNING, SOCIALLY-DISADVANTAGED, AND VETERAN FARMERS; RURAL DEVELOPMENT; AND LOCAL FOODS

Protect investment in beginning farmers and entrepreneurial development

Entrepreneurial development is a proven strategy to create opportunity in rural America. A large set of programs that support entrepreneurial development, beginning farmers, local and regional market development, rural small businesses, and small towns are all set to expire at the end of the current farm bill. Extending, improving, and building on these programs are central pillars of our policy platform and key strategies for driving change in small towns across the nation.

Our policy priorities to support beginning farmers include:

- Improving the CRP - Transition Incentives Program (CRP-TIP) by removing the current funding limitation, allowing any CRP contract holder to participate, and providing additional funding for outreach.
- Increasing beginning farmers’ access to conservation programs.
- Permanently funding the Beginning Farmer and Rancher Development Program at \$50 million per year to support ongoing training for beginning farmers.
- Raising the cap on direct ownership loans to \$500,000 to help beginning

farmers better access land and credit.

- Expanding access to crop insurance for beginning farmers.

Beginning farmers are not the only rural entrepreneurs who often struggle to establish farm operations. Socially-disadvantaged and veteran farmers often face similar struggles, and many farmers in one group are members of another.

The Center for Rural Affairs has a long history of working with and supporting these farmers, including veteran, Latino, and Native American farmers. Two important farm bill programs help support this work. One is the CRP-TIP program, mentioned above. Another is a program originally created by the 1990 farm bill, currently called the Outreach and Assistance to Socially-Disadvantaged and Veteran Farmers and Ranchers Program. The latest farm bill halved funding for this program while expanding its reach to veteran farmers. In order to effectively serve these groups, this program needs adequate funding.

Our policy priorities to support socially-disadvantaged and veteran farmers include:

- Funding the Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers Program at \$50 million.
- Improvements for the CRP-TIP program as outlined above, which is available to beginning, socially-disadvantaged, and veteran farmers.

Interested in learning more? We examined CRP-TIP usage in several Midwestern states. You can read about it in our report, “Pathways to land access: a study of the Conservation Reserve Program – Transition Incentives Program in four states.” Download it at www.cfra.org.³

The farm bill also contains several programs that are vital to the health of rural communities. USDA’s Rural Development programs

2 <https://www.cfra.org/NewOptionForFarmRiskManagement>

3 <https://www.cfra.org/pathways-to-land-access>

provide this essential support in the form of grants and low-interest loans to small businesses and rural communities. Protecting these programs is standing up for rural communities.

Our policy priorities to support rural communities include:

- Fully funding Rural Development programs.
- Funding the Rural Microentrepreneur Assistance Program at \$5 million per year for both grants and loans.
- Continue funding and supporting the Value-Added Producer Grant Program and other programs that foster value-added and local foods systems.
- Preserving the position of Rural Development as a full mission area within USDA.

In 2015, more than 167,000 U.S. farms produced and sold food locally through food hubs and other intermediaries, direct farmer-to-consumer marketing, or direct farm to retail. Those sales resulted in \$8.7 billion in revenue for local producers. Local and regional food economies provide important opportunities for many rural entrepreneurs and other businesses.

Other policy priorities support local foods, such as funding for Value-Added Producer Grant and the Organic Cost Share programs. This support for local foods can be summarized as:

- Helping farmers reach new markets through outreach, cost share, and technical assistance programs;
- Increasing access to fresh, healthy, local food among low-income groups and communities in need; and
- Developing new and strengthening existing infrastructure that connects producers to consumers.

LIVESTOCK

The Center was born from struggles to preserve the economic viability of small livestock producers, and we are still in the fight.

We are concerned by the continued lack of protections for poultry and livestock farmers from USDA. The 2008 farm bill required USDA to pass several rules to protect contract poultry and livestock producers. We are deeply disappointed at USDA's 2017 decision to back off taking action on these rules.

Our policy priorities to promote fairness for family farmers include:

- Requiring USDA to publish and finalize the Farmer Fair Practice Rules under the Grain Inspection, Packers & Stockyards Administration (GIPSA), and, in doing so, enacting much needed protections for poultry and livestock producers.
- Restoring GIPSA as an independent agency within USDA.

Interested in learning more? The Center and more than 200 other organizations signed on to a letter to the chairs of the congressional agriculture committees, asking them to address negative trends in agricultural market control and anti-competitive business structures in many areas of agriculture, including livestock markets. You can read the letter and view the list of signees at www.cfra.org.⁴

ORGANIC PRODUCTION

While many still see organic production as a niche area, it represents an ever-growing sector of agriculture. Many farmers recognize these economic opportunities. The farm bill plays an important role in fostering these opportunities – past farm bills have done so in several ways, including providing for the creation of crop insurance specifically for organic products, and supporting farmers who are transitioning to organic. The next

⁴ <https://www.cfra.org/news/171011/congress-must-adopt-policies-support-small-farms>

farm bill needs to continue to protect progress made by this growing sector and support farmers who wish to diversify their production by expanding to organic.

Our policy priorities to support organic agriculture include:

- Providing USDA's National Organic Program with increased funding and staff to match the growth of the organic industry.
- Funding support programs for farmers transitioning to organic, such as the EQIP Organic Initiative, and \$11.5 million per year for the Organic Cost Share Certification Program.

NUTRITION ASSISTANCE

Food insecurity is a major challenge for rural America. USDA's Supplemental Nutrition Assistance Program (SNAP) is the country's leading program to address food insecurity, and has been a major program in the farm bill for many years. This program is particularly important for rural America: participation rates in SNAP are higher in rural areas than in towns and cities. SNAP also helps our more vulnerable rural citizens, including children and seniors. Finally, SNAP is a critical asset for rural economies because it keeps dollars in rural communities.

For these reasons, our policy priorities for nutrition assistance in the farm bill are:

- Maintaining current levels of SNAP funding, with no cuts.
- Maintaining the current structure of the program. We do not support a shift to block grants.
- Keeping SNAP in the farm bill.

ADDITIONAL RESOURCES

For more, we are a represented member of the National Sustainable Agriculture Coalition, and as such are supporters of their farm bill policy platform document. Their document goes into further detail on several of these topics and many more. You can read it at www.sustainableagriculture.net.⁵

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

5 <http://sustainableagriculture.net/wp-content/uploads/2017/10/NSAC-2018-Farm-Bill-Platform-FINAL.pdf>