

**WEEKLY UPDATE**  
**SUSTAINABLE AGRICULTURE COALITION**  
**March 19-23, 2007**

**ACTION NEEDED**

**A big thank you** to all who responded to the last two weeks of action alerts regarding increased spending allowances in the Senate and House budget resolution and the Grassley-Dorgan payment limits amendment. A full report on the status of the budget resolution, as well as an explanation of the payment limits amendment withdrawal can be found in the This Week section below.

**Just a reminder:** Easter recess for the Senate is April 2-9 and April 2-13 for the House. We encourage you to try to schedule an in-district meeting with your Members during this break or consider attending Town Hall meetings your Member may be holding. Visit your Member's website or call their office to find out where and when they will be holding events. If you would like any policy backgrounders, talking points, or a copy of the updated policy platform of the Sustainable Agriculture Coalition, please contact Aimee Witteman at [awitteman@sustainableagriculturecoalition.org](mailto:awitteman@sustainableagriculturecoalition.org) or (202) 547-5754.

**THIS WEEK**

**Senate Budget Resolution Approved:** On Friday, the Senate passed its version of the FY 2008 Budget Resolution by a vote of 52-47. The final vote was preceded by a marathon round of debate and voting on amendments. Amendments that passed included a reserve fund to extend tax incentives for renewable energy. A measure to strike all the reserve funds from the bill, including the \$15 billion reserve fund for the next Farm Bill, was defeated by a vote 29 to 67.

**Grassley-Dorgan Payment Limitation Withdrawn:** The Grassley-Dorgan measure to reduce funding the commodity program section of the budget and reinvest the savings in farm conservation, rural development, and food stamps was pulled at the last minute before going to a vote. The amendment assumed \$1.1 billion in savings from eventual passage of payment limitation reform as part of the 2007 Farm Bill. The controversial amendment was heading to passage by a narrow but respectable margin when the sponsoring Senators, under pressure from leadership, withdrew the amendment. According to *Congress Daily*, "A Senate Democratic aide said Grassley did so at Dorgan's request because Sen. Blanche Lincoln, D-Ark., said she would vote against the budget resolution if it was added."

While disappointing to not have the vote after working it all week, the fact the amendment was just an hour away from being voted on allowed us to see how Senate offices were coming down on the measure and who the swing votes may be later this year when the debate begins again. A majority is pro-reform, but not yet a super-majority, so this campaign will need to intensify once the farm bill begins in earnest.

**House Budget Resolution:** The House Budget Committee on Thursday approved its version of the FY 2008 budget resolution on a party-line 22-17 vote. It will move to the House floor next week. The proposal from Chairman Spratt (D-SC) contains a \$20 billion reserve fund for the farm bill. The reserve fund represents funding above the existing farm bill baseline amount that could potentially be made available to the Agriculture Committee if "offsets" from other spending cuts or tax increases can be found. Unlike the Senate-passed \$15 billion farm bill reserve fund, the House version does not contain any language describing how the funds might be used.

In public comments this week, Ag Committee Chairman Peterson (D-MN) said if the reserve fund funds materialized he would support an increase in conservation spending of \$7.5 billion and renewable fuel programs totaling \$5-6 billion, with the rest being used for a permanent disaster program, specialty crop programs and other needs. One interpretation of his comments is that those interests looking for funding

beyond the farm bill baseline need to start working to build support for not just their pet cause, but also for the funding offsets that could be used to pay for those causes. Remember, no funding baseline exists for the Wetlands Reserve Program, energy and rural development programs, specialty crops, the dairy payment program to name a few.

**House Passes War Supplemental:** On Friday, by a vote of 218-212, the House passed an FY 2007 Supplemental Appropriations bill with about \$124.3 billion in emergency spending, most of which is directed to the wars in Iraq and Afghanistan. The bill includes about \$4 billion for agricultural disaster relief, plus a \$74 million extension of the peanut storage program and a \$25 million bailout for spinach producers and handlers hurt by the contaminated spinach recall. It also includes a year and a half extension of the MILC dairy payment program, but provides no additional budget baseline for dairy in the 2007 Farm Bill.

**Senate Committee Approves Supplemental with CSP and MILC:** On Thursday, the Senate Appropriations Committee reported out its version of the war supplemental appropriations bill. The Senate version costs \$121.6 billion, slightly less than the House version. The bill will be on the Senate floor next week.

Unlike the House bill, the Senate bill lifts the FY 2007 spending cap for the Conservation Security Program (CSP). If that provision is retained in conference with the House, USDA would be able to fulfill the contract modifications and additional conservation benefits proposed by existing CSP farmers and would also be able to hold a 2007 sign-up in 50 or more new watersheds around the country. During committee consideration of the bill, Senator Harkin (D-IA) gave an impassioned speech about why the bill should also restore the \$2.9 billion that previous supplemental appropriations bills have stolen from the CSP. That issue will surely be an ongoing discussion as the bill heads to conference.

Like the House, the Senate bill includes funds for the MILC program for the month of September 2007. But unlike the House bill, the Senate amendment -- championed by Senator Leahy (D-VT) and Kohl (D-WI) -- provides a full funding baseline for the program (\$2.4 billion over 10 years) for the upcoming farm bill. There may well be a move in conference to try to expand those funds.

We will be issuing an action alert on these issues next week. Stay tuned!

**Cardoza Specialty Crop Bill Introduced:** On Tuesday, Horticulture and Organic Subcommittee Chair Dennis Cardoza (D-CA) together with 68 co-sponsors introduced H.R. 1600, the EAT Healthy America Act. This is the specialty crop marker bill for the next Farm Bill, chock full of funding for fruit and vegetable production.

Despite advocacy efforts from several quarters, the bill is missing any provision for organic agriculture, farmers markets, or community food projects. The bill does contain a proposed doubling of EQIP funding with no new limits or qualifications about funding for irrigation engines and infrastructure and industrial livestock facilities. In addition, the bill strikes the current prohibition on conservation program payments to multi-millionaires.

Another measure would extend agricultural disaster payments up the food chain to the first handler of specialty crops, in addition to the grower of the specialty crops. The bill would also provide \$50 million for the USDA to act as an advocate for entities with intellectual property rights in specialty crops in actions before the U.S. Patent Office and in international government and non-governmental organizations dealing with intellectual property rights -- a neat way to get the USDA to be your lawyer at public expense. The highlight of the bill remains the proposal for a large increase in funding for the fruit and vegetable block grant program, providing money to state agricultural commissioners to spend as they see fit on specialty crop promotion.

Two-thirds of the co-sponsors are from the major specialty crop states of CA, OR, WA, FL, MI and NY. Fourteen of the co-sponsors also sponsored the bill introduced last week by Rep. Ron Kind (D-WI). Unlike the Kind bill which had no co-sponsors from the Agriculture Committee, however, the Cardoza bill includes 8 committee members – John Barrow (D-GA), Jim Costa (D-CA), Henry Cuellar (D-TX), Kirsten Gillibrand (D-NY), Tim Mahoney (D-FL), Mike McIntyre (D-NC), and John Salazar (D-CO). A similar bill is expected to be introduced either next week or in the first week or two after recess by Senators Debbie Stabenow (D-MI) and Larry Craig (R-ID).

**National Institute for Food and Agriculture Re-introduced:** On Thursday, Senator Kit Bond (R-MO) and Senate Agriculture Committee Chair Tom Harkin (D-IA) re-introduced “The National Institute for Food and Agriculture Act of 2007” (S. 971). The bill is co-sponsored by Senator Ben Nelson (D-NE) and Dick Lugar (R-IN). The bill would establish a National Institute for Food and Agriculture (NIFA) within USDA -- patterned after the National Institutes of Health and the National Science Foundation -- headed by a Director appointed by the President and a 24-member Council appointed by the USDA Secretary. The Council would be composed of 12 scientists and 12 other members who would represent agricultural organizations and industry or be individuals with expertise in the environment, subsistence agriculture, energy, food and nutrition, and human health and disease. The Institute would oversee the award of competitive, peer-reviewed grants for a wide array of basic and fundamental agricultural research. Unlike the bill for NIFA introduced in the last Congress, S.971 would fund NIFA with mandatory funding, not annual appropriations, and totaling \$3.44 billion over the next five years. None of those dollars are in the farm bill baseline, so all of it would need to come out of new funding.

**House Rural Development Farm Bill Hearing:** The House Subcommittee on Specialty Crops, Rural Development, and Foreign Agriculture held a hearing to discuss USDA’s rural development programs and review the agency’s rural development proposals for the 2007 Farm Bill. The hearing opened with remarks from Subcommittee Chairman Mike McIntyre (D-NC) who stressed the importance of entrepreneurship in rural America and highlighted the discrepancy between funding for mandatory versus discretionary rural development programs, noting this discrepancy would have to be addressed in the next Farm Bill. Testimony was then given by USDA’s Undersecretary for Rural Development, Tom Dorr, followed by comments from a panel that included Chuck Fluharty, Director of the Rural Policy Research Institute, and Colleen Landkammer, President of the National Association of Counties. Both witnesses testified about the need for a regional approach to rural development, emphasizing their support of the Rural Strategic Investment Program (RSIP) adopted in the 2002 Farm Bill but never funded.

Billy Ray Hall, President of the North Carolina Rural Economic Development Center, spoke about the crucial importance of entrepreneurship in rural areas, and voiced support for the establishment of a Rural Entrepreneurs and Microenterprise Program in the next Farm Bill. A SAC-supported bill seeking to create such a program (S. 566) was recently introduced in the Senate by Senator Ben Nelson (D-NE) and would provide grants and low-interest loans to rural residents seeking to develop small businesses. The final witness, Rick Taylor, President of Sunkist Taylor, testified about the Value-Added Producers Grant program, and urged the Subcommittee to provide increased funding for the program in the next Farm Bill.

Of special concern to several Members in attendance was the USDA’s plan to shift funding from grants to loans in many USDA rural development programs. Subcommittee Chairman McIntyre questioned Undersecretary Dorr closely about this issue, asking how this trend would affect poorer rural communities. Ranking Member Marilyn Musgrave (R-CO) highlighted the need for increasing both access to and quality of rural health care, citing the necessity of improved broadband service to meet these twin goals. Several Members also had comments and questions about the USDA’s renewable energy proposals, including House Agriculture Committee Chairman Peterson (D-MN,) who queried Undersecretary Dorr about whether the amount of guaranteed loans for cellulosic production in USDA’s Farm Bill plan would be adequate.

**House Agriculture Appropriations Research Hearing:** The House Agriculture Appropriations Subcommittee heard from USDA representatives about the agency's Farm Bill proposal for research in a Wednesday hearing. Members cited concerns about shortfalls in USDA's Farm Bill budget for a number of specific areas of research, including food safety, colony collapse disorder among honeybees, and the discovery of unapproved genetically engineered rice strains (GMO's) in commercial rice stocks. USDA's recommendation to switch research-dedicated formula funds into a competitive pool in the next Farm Bill, in line with the proposal being shopped around by CREATE-21, was also a hot topic. Representative Latham (R-IA) was perhaps the most direct in his comments about the idea, stating he thought the plan was likely "illegal" and basically telling USDA to drop it.

**Senate Staff Bioenergy Briefing:** On Wednesday, SAC staffer Martha Noble joined representatives from environmental and conservation groups, the biofuels processing and refining sector, livestock and poultry associations, and the research community for a 2-hour discussion of biofuels in the next Farm Bill. The meeting was hosted by Mark Halverson, Majority Staff Director for the Senate Agriculture Committee, who invited the staff of Senate Ag Committee members to listen and join in the discussion. SAC and environmental and conservation group representatives focused on the need for sustainability criteria for the production of bioenergy feedstocks. The processing-refining reps indicated they would like loan guarantees for hundreds of millions of dollars for commercial scale plants, a request that was countered by SAC's observation that the Farm Bill budget was very tight and large-scale commercial bioenergy production could find other sources of funding in the federal budget. As expected, the livestock and poultry sector was concerned about the increasing costs of feed as corn and soybeans are diverted to the biofuels market. The research community focused on the need for breeding programs for laboratory produced varieties. SAC also spoke of the need for farmscale research on the agronomic requirements and environmental performance of agricultural systems for producing bioenergy feedstocks.

## **NEXT WEEK**

**Credit Title Hearing:** On Tuesday, the House Agriculture Committee will hold its hearing on the farm bill's credit title. Testifying on behalf of SAC's beginning farmer initiative will be Karen Stettler, Director of the Land Stewardship Project's Farm Beginnings program. Joining Karen will be John Zippert, Director of Programs for the Federation of Southern Coops, plus representatives from USDA, Farm Credit Administration, Farm Credit System, American Bankers Association, and Independent Bankers Association of America.

**National Campaign Organic Committee Meeting:** On Monday, the National Campaign's Organic Committee will be hosting a DC meeting of organic advocates. Dovetailing with the National Organic Standards Board meeting scheduled to begin the next day, the meeting agenda will include a discussion of the Farm bill and FY 2008 appropriations, as well as updates on the National Organic Plan and Certification and Accreditation.

## **USDA NEWS**

**USDA Issues RFP for Section 9006 Energy Grants and Loans:** On Thursday, USDA's Rural Development Agency has announced the availability of \$176 million in loan guarantees and \$11.4 million in grants for the farm bill's Section 9006 Renewable Energy and Energy Efficiency Improvements program. The loans and grants will be awarded on a nationally competitive basis. Projects must complete an environmental assessment to be considered eligible. For more information about the program and application requirements visit [www.rurdev.usda.gov/rbs/farmbill/index.htm](http://www.rurdev.usda.gov/rbs/farmbill/index.htm).

A minimum of \$2,500 and a maximum of \$500,000 are available for individual renewable energy systems grants. For energy efficiency improvements grants, the minimum is \$1,500 and the maximum is

\$250,000. In addition, \$10 million will be awarded for guaranteed loans supporting either type of project. Applicants may also seek a combination of grants and guaranteed loans, for which 50 percent of the available grant funding will be reserved. Applications for a grant must be submitted to a USDA State Rural Development Office by May 18, 2007, where they will be scored and sent to USDA for final evaluations, with award announcements expected 75 days after the deadline. Applications for guaranteed loans or a combination of loans and grants should also be submitted to the appropriate USDA State Rural Development Office by July 2, 2007, with awards made on a rolling bi-weekly basis.

**USDA Reserves 500,000 Acres of CRP for Wildlife Habitat:** On Thursday, USDA announced a State Areas for Wildlife Enhancement (SAFE) initiative for the CRP which will reserve 500,000 acres nationwide for enrollment as wildlife habitat. FSA will begin accepting proposals for SAFE at FSA state offices beginning August 2007. The proposals will be reviewed by FSA and the NRCS State Technical Committee. Proposals should address the habitat needs of endangered, threatened or high-priority fish and other wildlife species. Successful proposals must comply with CRP eligibility requirements and may come from any of the 50 states. In addition, conservation practices currently offered under CRP can be fine-tuned under SAFE to improve, connect or create higher-quality habitat to promote healthier ecosystems in areas identified as essential to effective species management.

After proposals are reviewed, FSA state offices will announce approved SAFE proposals and sign-up periods. Eligible producers in these areas may enter into new CRP contracts. In addition to rental rates, producers will also be eligible for cost-share assistance of up to 50 percent of eligible practice installation costs. In addition, producers will be eligible for a one-time payment of \$100 per acre Signing Incentive Payment. Producers may also receive a Practice Incentive Payment equal to 40 percent of the eligible establishment costs of the practice.

The SAFE program appears to be an attempt to soften the blow to hunting and wildlife interests of USDA's previous announcement that no general CRP sign-ups will be held in 2007 or 2008, and also the likely coming announcement that USDA will allow CRP landowners to break their contracts and leave the program early to pursue the ethanol market.

## **DULY NOTED**

**Clean Water Authority Restoration Act:** We are passing along information from the Clean Water Network about an important bill, the Clean Water Authority Restoration Act (CWARA), which will be re-introduced in Congress soon. *Now is the time to ask your Senators and Representative to co-sponsor this bill.* CWARA is needed to restore the scope of protection over the "waters of the United States" that has been provided by the federal Clean Water Act for 34 years. Decisions by the Supreme Court over the past few years and administrative actions by the EPA and Corps have muddied the waters regarding the jurisdiction of the Clean Water Act, making this bill especially critical now. This legislation would uphold the traditional scope of protection intended by Congress to achieve the goal of restoring and maintaining the chemical, physical and biological integrity of the nation's waters. An Action Alert and additional information is posted at [www.cleanwaternet.org](http://www.cleanwaternet.org).

**Farmers' Market Grants Awarded:** On Thursday, the Project for Public Spaces announced the award of grants, totaling \$417,742, to ten farmers markets across the country. Funding for these grants is provided by the W.K. Kellogg Foundation and The Ford Foundation, under a three-year, \$3 million grant-making program, which began in 2005. Information about the grantees and Diversifying Farmers Markets program is posted at [www.pps.org/markets/info/regranting/2007\\_individual\\_market\\_grantees](http://www.pps.org/markets/info/regranting/2007_individual_market_grantees).