

# Northeast Farm Bill Discussion

March 25<sup>th</sup>, 2005

NYS Department of Agriculture and Markets

## Meeting Notes

### Comments from Commissioner Nathan Rudgers (NASDA Chair)

- NASDA reflects regional dynamics of Farm Bill issues
- 2002 Farm Bill was possible because each interest got a piece of an increased pie
- NASDA sought the following in the 2002 Farm Bill
  - o New dairy policy
  - o Stewardship-based payment program
  - o Greater use of block grants to states
- NASDA committees relevant to Farm Bill
  - o Natural Resources
  - o Animal/Plant Industries
  - o Food Safety/Security
  - o Rural Development/Financial Security
- Issues likely to be discussed for next Farm Bill
  - o Payment limitations
  - o Scale discussion-in relation to program payments
  - o Dairy policy – need for comprehensive safety net
  - o Cotton program—addressing WTO concerns
  - o Shift to land-based payments rather than production payments – how to make working lands payments that go beyond cost-share
  - o Expanded energy policy
    - 25% of energy to come from agriculture by 2025
  - o Effective rural development policy
- Cultivate entrepreneurial spirit and innovation.

### Comments from Commissioner Doug Gillespie (NEASDA Chair)

- In addition to conservation title, other important Farm Bill titles/elements include:
  - o Dairy policy
    - MILC
  - o Bio-diesel/ethanol
  - o Specialty crops
  - o Rural development
    - Value-added producer grants
    - Agriculture innovation centers

- Alternative energy incentives
- Regional equity
- Farm viability
  - Could come from conservation, commodity or rural development titles.

## Comments from AFT President Ralph Grossi

- Increasing unmet needs in American agriculture
  - Energy
  - Food safety
  - Conservation
  - Farm viability
  - Public pressure for environmental performance from agriculture
- These are creating pressure for change in federal farm policy; other drivers include:
  - Budget deficit
  - WTO issues
  - Global impact of US and EU farm subsidies;
  - Transparency (Increased public understanding of distribution of Farm Bill dollars)
- There needs to be a redistribution of how public dollars are spent in order to meet more contemporary needs.
- Top discussion points from AFT's March 24<sup>th</sup> "Northern Crescent" regional listening session
  - Risk Management: how to provide safety net for wild price swings
    - Crop or revenue insurance
    - Savings accounts for farmers/Rainy Day Accounts
    - MILC
      - Change eligibility
  - Decouple program payments and commodities
  - Farm business and farm viability plans
    - Transition plans for commodity producers
  - Fair trade
  - Increased support for conservation programs

## Open Discussion

### **Farm Business Plans**

- Should income payments be tied to business plans? Voluntary? Mandatory?
  - Doing so would be intrusive
  - Movement in that direction anyway w/ disaster payments and crop insurance

### **Consider other benefits *beyond* conservation**

- March 24<sup>th</sup> participants talked about expanding green payments to encompass "*community*" benefits provided by farms/farming

## **Energy production**

- Look at multiplier effect of redirecting oil \$\$ to domestic energy production
- Leverage federal funds–use Farm Bill for incentives?
- Utility pricing/metering an issue in some places
- Lack of farm infrastructure may be an issue
- Trade-off - energy incentives for commodity payments?

## **Risk Management**

- RMA needs serious overhaul
  - Does not offer products that work for farmers
  - Unresponsive
  - AGR not working in many places
  - The existence of insurance programs and disaster assistance sends a mixed message to producers
- Who is working on this?
  - PA Dept of Ag working with RMA on AGR Lite
  - NASDA had working group on crop insurance
- There is a need for someone to get a group of producers from around the country together to explore new risk management products
- The Northeast and Mid-Atlantic have an opportunity to reframe the insurance discussion and drive change
- Shifting disaster payment \$\$ to subsidized risk mgt insurance products would allow for affordable, meaningful insurance products
- RMA has put \$ to underserved states
  - Reframe this discussion beyond AGR; use *region* to promote changes
- 50% loss requirement is too high
  - Change to allow producers to purchase levels of insurance
- Original specialty crop bill inc. “emergency” fund
  - Could this be used as a state “firewall”?
- Catastrophic crop insurance was useless

## Federal Agricultural Conservation Programs & Issues

### **Recommendations from March 24<sup>th</sup> Session**

- Streamline current conservation programs
  - Difficult to understand and coordinate at individual farm level
  - Can some be consolidated?
- More emphasis on regional priorities/needs/concerns
  - Establish regional boards to manage program implementation?

### **CSP**

- Too soon to tell if its working for NE, but it provides a unique opportunity to accomplish environmental initiatives, get money to farmers and comply with WTO provisions

- Could incorporate other needs, but not infrastructure improvements
- Use CSP as base conservation program
  - Use EQIP to enable producers to reach higher CSP levels
  - Need to give states greater flexibility on implementation
    - Do through STCs or DoAs

## **GRP**

Is it working in the Northeast?

- Payment rate for permanent easements is too low
- Some believe it should continue to be a priority
- Haven't had it long enough to know its potential
- Not compatible w/state PDR programs
- Make it practice-based
  - Could it be used to pay protected farms to adopt grazing practices?

## **FRPP**

- 50% open land requirement eliminates some farms; should be changed
- AGI limitation eliminates some good projects; should be changed
- PA turning back some FRPP \$\$ b/c farmers wary of federal restrictions
- Interpretations of program rules/requirements varies from state to state and year to year
  - Problematic
- Impervious surfaces continues to be a problem

## **EQIP/Nutrient Management**

- Relocation and disposal of nutrients is a regional concern, beyond scope of current EQIP
- EQIP original legislation allowed purchase of irrigation systems/equipment to increase nutrient uptake
- EQIP could be used as a vehicle to help producers rise in CSP tiers
- Can poultry and livestock waste be used more effectively for energy production?

## **Farmland Base & Farm Transition**

- Are there other ways to further farmland protection in next Farm Bill?
  - Farm viability?
- Need for farm transition planning
  - Provide \$ for farm transition plans
  - Education program for non-farm large landowners
- Delmarva Conservation Corridor authorized in 2002 Farm Bill would have provided a model, but not funded
- PA and NY have aggie bonds (financing for new farmers)
- Farm transition considered as a scoring priority for PA PDR program

## **Other**

- P.L. 566
  - Needs to be better funded
  - Some don't like focus on watersheds
- Conservation TA
  - Needs more flexibility for use
  - Needs to be better funded

## Allocation Issues

### **Regional equity**

- DE still hasn't gotten \$12 million
- RE money not necessarily coming in the programs most needed
  - States want more control over how RE money is spent
    - Should RE money be block granted to states?
- Backlogs don't reflect true demand for programs
- RE has functioned as a funding ceiling and a funding floor

### **Allocation Issues**

- Should regional equity provision be expanded to include/consider commodity program \$ or broader spectrum of conservation programs?
  - Include CRP in calculations
- Possible ways to include greater equity in conservation program allocation formulas:
  - Cost of land
  - Cost of practices
  - Population density
  - Community benefits-number of people benefiting from practice
  - Farm gate sales per acre
  - Title I payments
- Give states credit for state conservation program spending

## Unmet/Emerging needs

- How to help direct marketing? Farm credit: "Follow the customer"
- Remember nutrition and food customer constituencies
- Region lacks medium-scale distribution and processing infrastructure
  - How to address?
    - RBEG, RBOG = possible places to look
- Need \$ for state-wide branding campaigns
- Energy and highway bills have tax titles
  - What would Farm Bill tax title look like?
- Need to make conservation programs work better for tree farmers

- Specialty crop bill should be expanded to include maple syrup, other NE crops not inc in definition
  - Concern that WTO may consider specialty crop grants actionable