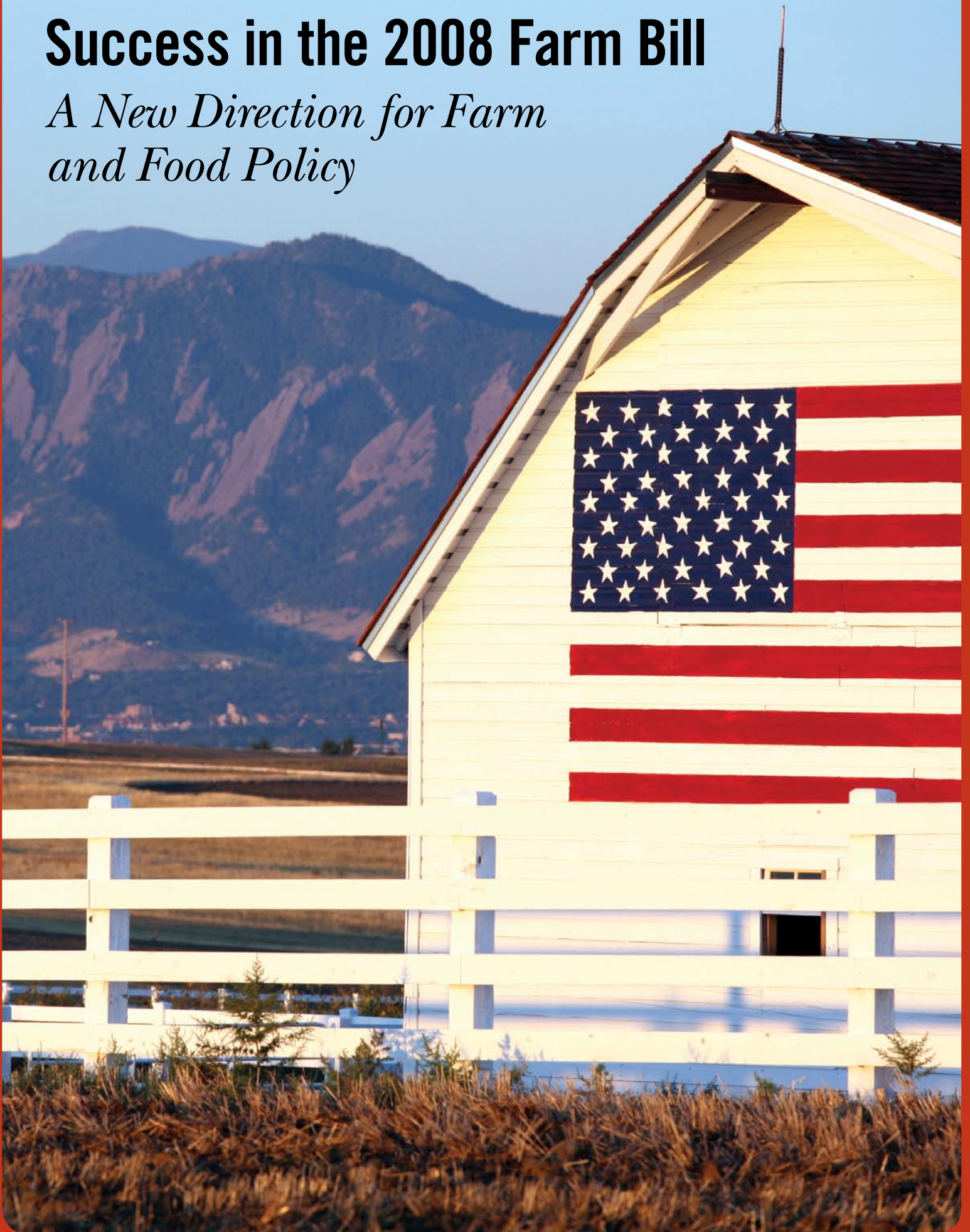


Success in the 2008 Farm Bill

*A New Direction for Farm
and Food Policy*



DEAR FRIEND OF AMERICAN FARMLAND TRUST,

The 2008 Farm Bill—known officially as the Food, Conservation and Energy Act of 2008—marks a historic moment in American agricultural policy. New players and new partnerships shifted the debate in unprecedented ways, resulting in better programs and an increased focus on supporting the needs of producers and consumers. American Farmland Trust is proud of the role we played in the debate and the resulting outcomes.



Jimmy Daukas

The bill provides much-needed funding to improve our environment, protect farm and ranch land, make local foods more widely available and dramatically increase food assistance for families struggling with rising food costs.

The final bill does not include all of the reforms we sought. But it does represent a significant improvement in U.S. farm and food policy. AFT helped to achieve many of the goals that we strove for at the start of our farm bill campaign:

- Expansion of conservation programs to protect working lands and improve the environmental stewardship of our nation's natural resources
- A comprehensive safety net to better protect farmers from risk, reduce market distortions and use tax payer dollars more efficiently—and to pave the way for more sweeping reform in the future
- Changes in agricultural policy to increase access to healthy and local foods, nutrition programs and the production of specialty crops (fruits, vegetables and nuts)
- Provisions for renewable fuels produced with environmental safeguards

AFT was recognized during the 2008 Farm Bill debate not only for our substantive input but also for the leadership role we played in bringing divergent groups together. Changing course among entrenched farm policy interests is not an easy task, but the 2008 Farm Bill—and the process leading up to its passage—shifted the political landscape forever and established the groundwork for continued reform.

We'd like to thank the many partner organizations and members of Congress who helped us secure these important gains for conservation, farmland protection, energy, nutrition and healthy diets.

AFT is committed to building on the promise of the 2008 Farm Bill. Change continues but none of the victories you will read about are permanent. The wins must now be secured in rulemaking and appropriations committees and then built upon to keep the momentum moving forward for long-term success.

As a supporter of American Farmland Trust, you helped us deliver a farm bill that promises important reforms in US farm and food programs. We wanted to keep you informed about the outcome of the 2008 Farm Bill with this special update. Many thanks for your continued support.

Sincerely,

Jimmy Daukas

FARM AND FOOD POLICY CAMPAIGN DIRECTOR
AMERICAN FARMLAND TRUST

The 2008 Farm Bill

A New Direction for America

When American Farmland Trust started our national farm bill campaign in 2005, we set out to create a better, more cost-effective safety net for farmers and ranchers while expanding programs to strengthen conservation and land protection, advance rural prosperity, and create greater access to local and healthy food for consumers. In short, we set out to create a new direction for farm and food policy in the United States: one that better meets the needs of all Americans.

The final 2008 Farm Bill does not include all the reforms and improvements we fought for, but it represents a step in the right direction and a significant improvement over existing U.S. farm and food policy. Overall, new funding for conservation programs increased by \$4 billion, which means cleaner water, cleaner air, reduced soil erosion and enhanced wildlife habitat.

In the following pages, you will read about our farm bill victories in conservation, local food, renewable energy and the farm safety net. AFT will be working with our partners to build off these successes—in new programs, better policies and increased funding—next year and in years to come.



“This is the first time in my memory that people interested in agricultural policy reform have had a significant seat at the table, and that is almost entirely due to AFT’s hard work. The farm policy agenda is now forever changed, and the outcomes on many of these issues will also change substantially as the years unfold.”

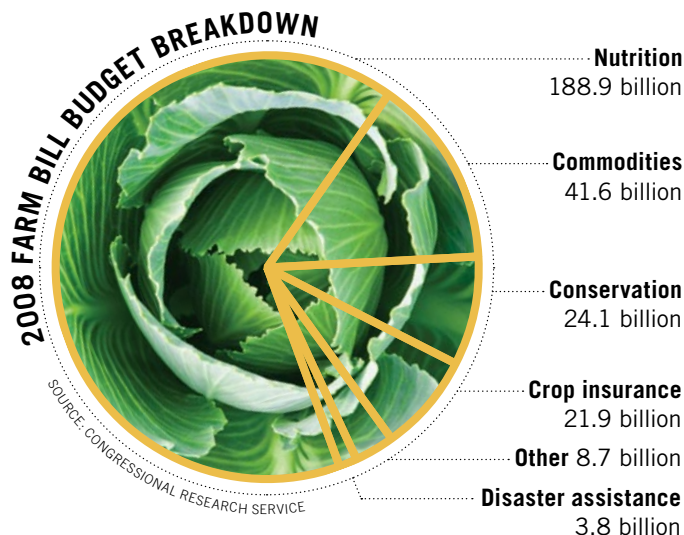
**—Clayton Yeutter,
former U.S. Secretary of Agriculture**

What Is the Farm Bill?

Congress enacted the first farm bill in the wake of the Great Depression, when the New Deal established programs to stabilize farm prices. The federal legislation—typically enacted every five to seven years—has expanded over the years and now includes 15 titles.

The public investment in the 2008 Farm Bill is \$289 billion. It should be called the Farm and Food bill, with over 65 percent of the funding allocated to anti-hunger programs, including food stamps and emergency food assistance. The commodity programs in Title I—which provide payments to growers of selected crops, including wheat, cotton, rice, corn and soybeans—account for approximately 15 percent. Conservation programs, including farmland protection and environmental stewardship, receive about eight percent.

The farm bill is much more than an agricultural aid package. The bill influences everything from the cost of your food to the tools available to protect farm and ranch land in your community.



A Real Safety Net for Farmers

Farms and ranches operate at the mercy of disastrous weather events and market prices they can do little to control. As a result, they are inherently prone to variations in crop prices and yields. Government farm support programs were established to help protect the nation's food supply, but farm subsidies in the 2002 Farm Bill didn't provide a true safety net for farmers and ranchers. Tied only to crop prices and not to losses in crop yields, the subsidy system was unwieldy, inefficient and supportive of only a small percentage of producers.

One major success of the 2008 Farm Bill is the creation of an innovative new voluntary program called Average Crop Revenue Election (ACRE). Developed and championed by AFT and the National Corn Growers Association, ACRE restores the concept that a farm safety net program should provide help only when producers are



SUCCESS:
The 2008 Farm Bill creates the innovative Average Crop Revenue Election (ACRE) pilot program, which fundamentally changes the way government farm support operates.

in need after suffering from a loss beyond their control. The program provides better protection for farmers by protecting revenue (price multiplied by yield) rather than merely price. ACRE also costs less for taxpayers, generating savings that can be spent on other priorities.

Some fundamental reforms brought about with ACRE include:

- ACRE is more market-oriented. Producers move away from planting in response to government-set target prices, and instead need to account for market conditions before planting crops.
- Farmers are paid only when they face a real loss in revenue. Under traditional subsidy programs, some producers have received government payments even while achieving record profits.
- Changes with ACRE begin to address some of the United States' international trade problems, which have triggered WTO trade disputes.
- ACRE cuts direct payments by 20 percent to pay for the new program and also generates savings to help fund conservation, nutrition and other parts of the farm bill.
- Enrollment is optional. Producers are not forced to participate. If they don't like ACRE, they can stay in the current system.
- ACRE establishes a framework that we can build upon and improve in the future to secure even more change in the subsidy system.



"ACRE has two major benefits. It serves the real-world needs of farmers better, and it makes better use of our tax dollars by helping farmers only when there's a real need."

— **Tim Recker, farmer and president of the Iowa Corn Growers Association**



Strengthened Policies for Conservation and the Environment

SUCCESS: New funding for conservation increased by over \$4 billion, which will allow more farmers and ranchers to protect their land, implement new stewardship practices and safeguard our environment.

Over half the land in America is managed by farms and ranches, and the use of this land to produce food, fiber and energy has an enormous impact on our environment. Farm bill conservation programs are critical to helping farmers and ranchers improve their

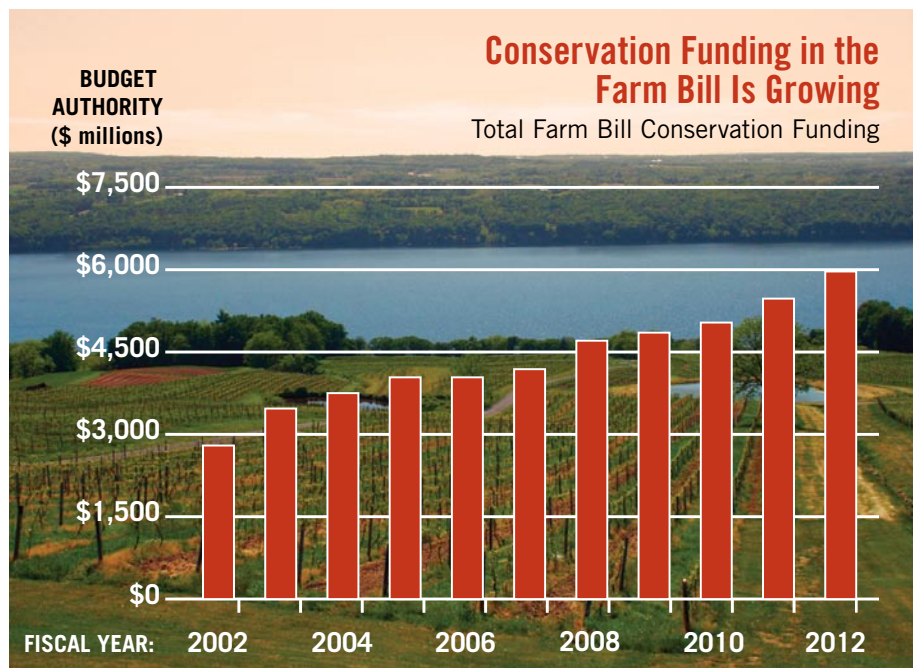
land and protect our natural resources.

Some of the most significant gains in the 2008 Farm Bill were made in the area of conservation. AFT provided leadership in crafting improvements and securing funding gains for many important conservation programs. Successes include:

- Improvement of the **Farm and Ranch Lands Protection Program (FRPP)** to give local communities greater flexibility in protecting farm and ranch land. *Funding for FRPP will increase from \$48 million in 2007 to \$200 million a year by 2012.*
- Enhancement of the Conservation Security Program (CSP)—now the **Conservation Stewardship Program**—to advance the conservation of natural resources on working lands and reward farmers for their stewardship. *Over \$1.2 billion added.*
- Expansion of the **Environmental Quality Incentives Program (EQIP)** to recognize innovative approaches that generate public environmental benefits such as water and soil quality improvements, renewable

energy production, and wildlife and open space protection. *Funding rises from \$1.2 billion to \$1.75 billion a year by 2012.*

- Establishment of a **conservation loan guarantee program** to help producers secure low-interest loans in order to implement often-costly conservation and environmental practices.
- Creation of a **cooperative conservation initiative** as a way for producers and community groups to work together on common natural resource concerns.
- Greater flexibility with **third party technical assistance providers** to identify and implement the most effective conservation practices appropriate for the land.
- Provisions for the Chesapeake Bay, Grassroots Source Water Protection, and Great Lakes programs.
- Continuation of the **Wetlands Reserve Program (WRP)** and the **Grassland Reserve Program (GRP)** to protect our water and expand wildlife habitat.
- Extension of the **tax deduction for donated easements** to protect more land in the future.



A Place at the Table for Local and Healthy Foods

The food that we eat directly affects our health, and U.S. agricultural policy directly impacts our food choices. At the start of our farm bill campaign, AFT and our partners recognized the need to link nutritional guidelines established by the health community—which call for greater consumption of fresh fruits, vegetables, nuts and whole grains—to changes in agricultural policy.

New policies and provisions in the 2008 Farm Bill reflect the increasing public demand for programs that support local and healthy food. Achievements include:

- **Farmers Market Promotion Program**—renamed the Farmer Marketing Assistance Program—helps establish and promote farmers' markets and implement market development projects. *Funding of \$33 million over five years.*
- **Community Food Projects Program** helps organizations address local hunger, nutrition and food access issues by connecting low-income people with fresh foods direct from local farms. *Mandatory funding of \$5 million over 10 years.*
- **Fresh Fruit and Vegetable Snack Program** helps schools purchase fresh fruit



and vegetable snacks.

Funding of \$500 million over five years.

- **Senior Farmers Market Nutrition Program** provides vouchers for low-income seniors to purchase fresh fruits and vegetables from participating local farmers. *Funding increased to \$20.6 million annually.*
- **Value-added Agricultural Market Development Program Grants** help farmers and ranchers increase their overall sales and develop businesses that produce and market value-added agricultural products. *Funding of \$15 million over five years.*
- **The Healthy Urban Food Enterprise Development Center**, a new initiative, provides support and technical assistance for the development of programs that distribute local and healthy food to underserved communities. *Funding of \$3 million over three years.*
- **Geographic preference language** that allows schools greater flexibility for purchasing products from local farmers.
- **Prioritized financing for farms that produce local food** through the Rural Business and Industries Loan and Loan Guarantee program.
- **Interstate shipment of state-inspected meat** to allow select state meat or poultry facilities to receive federal certification, granting producers permission to ship across state lines and broaden their market reach.

SUCCESS: For the first time, the farm bill provides \$1.3 billion in new funding over 10 years for specialty crops (fruits, vegetables and nuts) and increases programs that support local agriculture and healthy foods.

“AFT’s extensive outreach to farmers and farm policy experts provided the data and policy frameworks that Congress needed to craft legislation that meets broad public goals for nutrition, food security and agricultural viability.”

**—Rep. Rosa DeLauro (D-CT) and
Rep. Wayne Gilchrest (R-MD)**

Support for Responsible, Renewable Energy

Renewable energy production is a tremendous new market opportunity for many farmers and ranchers. Given adequate support for natural resource conservation (and paired with improved energy and fuel efficiency), the new “energy future” being grown on America’s farms and ranches has enormous potential to help sustain our working lands, improve our environment and address some of the most important economic and political challenges of our time.

The new farm bill mandates over \$1 billion in federal funding over five years for research and development into biofuels, renewable energy projects on farms and ranches, grants and loans for cellulosic biofuel refineries, and other important clean energy programs. Here are highlights of a few noteworthy programs:

- **Rural Energy for America Program (REAP)** funding more than doubled to help reduce fossil fuel use and support farmers and small rural businesses in developing clean energy technologies including wind,

solar, biofuels, biomass electricity and biogas. *Mandatory funding of \$255 million.*

- **Biomass Research and Development** funding for a joint program between the Department of Agriculture and the Department of Energy will support research and development on biomass-derived fuel and energy. *Funding of \$91 million.*
- **Biorefinery Loans and Grants** will provide cost-share grants, loans and loan guarantees for large cellulosic biofuel refineries. *Funding of \$320 million.*
- **CCC Bioenergy Program for Advanced Biofuels** will provide direct incentives for the production of advanced biofuels like biodiesel and cellulosic ethanol (the program was reformed to disqualify cornstarch ethanol from receiving support). *Funding of \$300 million.*
- **Increased Tax Credit for Cellulosic Fuel** is a new tax credit, funded in part through a reduction in the volumetric ethanol excise tax credit (VEETC), which will encourage production of more cellulosic biofuels.



SUCCESS:

The energy title of the 2008 Farm Bill builds upon clean energy achievements from the 2002 Farm Bill, creating new programs and making a greater commitment to renewable energy from farms and ranches.

“Thank you so much for your efforts on behalf of all farmers working for a more sensible farm policy.”

—Paul Muller, Full Belly Farm, Guinda, California



Realizing the Promise of the 2008 Farm Bill

Passing the farm bill was only half the battle. The legislation establishes what ought to happen, but we still must work to turn the promises into reality. Without leadership and action during this next critical phase of the farm bill, we risk losing the gains we've made.

In the months ahead, we will be working to:

- *Develop the rules to implement the bill.* In spite of hundreds of pages of text, the bill leaves out most of the critical details on how to implement the programs and policies. The rules must be written in a way that farmers and ranchers find accessible and easy to use. Otherwise, our hard-fought gains in reform, conservation and other areas will not be realized.
- *Secure funding for the programs.* While the 2008 Farm Bill provides some mandatory funding, many of the programs require annual appropriations from Congress. As we saw happen to conservation programs over the life of the 2002 Farm Bill, Congress often cuts critically important programs during the appropriation process.
- *Make use of additional opportunities for change.* Aside from the farm bill, there will be many opportunities ahead to advance a new direction in U.S. farm and food policy, from climate change legislation that recognizes the role of U.S. agriculture in reducing overall greenhouse gas emissions, to transportation and land use legislation that manages growth and protects working farms and ranches in rural and suburban areas.

Thank You

American Farmland Trust would like to thank the following corporations and foundations for their generous support of our multi-year farm policy campaign. We would also like to thank the many individual donors and members who contributed to our success. With this support, AFT worked to change the underlying structure of programs and policies contained in the farm bill to better suit the needs of all Americans.

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This list recognizes funders of AFT's farm policy campaign during the fiscal years of 2005 to 2008 (as of July 2, 2008).

For more details about the 2008 Farm Bill, and AFT's ongoing work to transform U.S. farm and food policy, please visit www.farmland.org/farmpolicy.