



FARM BILL UPDATE (attachment)

June 3, 2008

Our joint collaboration (USCCB, Catholic Charities USA, National Catholic Rural Life, and Catholic Relief Services) and your strong advocacy in support of the numerous Farm Bill priorities of the Catholic community did result in several significant victories and improvements:

A Mix of Good News and Not so Good News

The bill provides the **largest expansion of the Food Stamp Program** (to be renamed the Supplemental Nutrition Assistance Program) in many years. The improvements mostly make up for the significant reductions in program benefit levels and the erosion of purchasing power that dates back to changes resulting from the 1996 welfare reform. The bill includes:

- Additional funding of \$7.8 billion for the Food Stamp Program; \$1.26 billion for The Emergency Food Assistance Program (TEFAP), and \$1 billion for the Fresh Fruits and Vegetable program (snack program for low-income public schools across the country).
- An *increase in the minimum Food Stamp benefit amount from \$10 to \$14 a month and indexed for inflation*. It is estimated that this provision would allow 650,000 households with 780,000 individuals to receive higher benefits. The minimum monthly amount has been \$10 for 30 years because it was not indexed for inflation.
- *Elimination of the cap on the dependent care deduction* thus reducing the chance that working families will have to forego food to pay for childcare.
- Revision of the restrictive resource limits by *exempting retirement and education accounts* from the assets limit. This provision removes the disincentive to save because these accounts would no longer be counted towards the asset limit.
- Increased funding from \$140 million to *\$250 million and adjustment for inflation of commodity purchases for TEFAP*. This will help organizations providing emergency food assistance to meet the increasing need and demand for services with rising food costs.

The bill significantly improves our ability to assist people who are hungry around the world, with the following **food security aid and development assistance** provisions:

- The *'safebox' for development programs* will ensure that part of food aid funding will be strictly reserved for non-emergency long-term developmental food aid programs that are currently being raided to respond to emergency food needs. Long-term developmental food aid programs address chronic hunger so that future food emergencies can be averted. For example, CRS uses food aid to promote education by offering food incentives for children, especially girls, to go to school.
- A *strengthened Bill Emerson Humanitarian Trust (BEHT)* will mandate that the BEHT be used first during unforeseen emergency food needs. Until now, the U.S. government has continually raided regular food aid resources intended for long-term development use to respond to food emergencies during natural disasters or wars.

The new Farm Bill's "use first" provision will help protect long-term development food aid programs from being continually raided for use in emergencies.

- *More cash resources for Title II Food Aid also known as Section 202(e) will allow greater flexibility* so more funds can cover costs necessary to maximizing the effectiveness of Title II commodities and more effectively address the root causes of hunger. For example, Section 202(e) funding can be used to pay for staff to transport food that is needed in programs.
- *Local or regional purchase* will allow greater flexibility in addressing hunger needs, especially in times of crisis (\$60 million in mandatory funding for a pilot program welcomed). Purchasing food closer to where it is needed makes food aid more effective and builds the capacity of local agriculture. Although CRS has advocated for a much larger local purchase program, we are pleased that the Congress has included this important policy change.
- *An authorization of \$2.5 billion for the overall P.L. 480 Title II food aid program* will allow more U.S. food aid to reach more people who suffer from hunger.

Other important improvements in the **conservation and rural development** titles are:

- **Conservation** - It provides \$4 billion in much-needed additional funding for conservation programs, including *\$2 billion new dollars for the Conservation Stewardship Program (formerly Conservation Security Program)*, an innovative program that supports farming livelihoods through payments to farmers and ranchers for environmental enhancements and long-term stewardship.

Renewable Energy - It also includes a major new energy transition program to assist farmers who want to move into biomass production for *cellulosic ethanol*.

- **Beginning Farmers and Ranchers** -It includes a substantial package of policies aimed at supporting the next generation of farmers (including *new mandatory funding of \$75 million for the Beginning Farmer and Rancher Development Program and \$75 million for the Socially Disadvantaged Farmer Outreach Program*). A new grants program will target farm bill funds to training, mentoring and land link programs, interest rates for down payment loans will be as low as 1%, while *5% of funding in each conservation program is set aside for beginning and socially disadvantaged farmers* (equating to tens of millions of dollars each year). To ensure oversight and coordination between all programs that address the needs of these farmers, the new farm bill creates a new Office on Small Farms and Beginning and Socially Disadvantaged Farmers at USDA reporting directly to the Secretary of Agriculture.
- **Rural Development and Agricultural Entrepreneurship** - *More support than ever is included for local and regional food systems*. Communities that want to start a farmers' market stand a better chance because the new bill includes a seven-fold increase in funding to improve and expand farmers markets, roadside stands, Community Supported Agriculture (CSAs), and other direct producer-to-consumer marketing opportunities. The bill includes a new loan guarantee program for food enterprises that help rebuild a local and regional food infrastructure.

Funding to the *Value-Added Producer Grants program* was reduced to \$15 million in mandatory funding, but discretionary funds were authorized (requiring annual appropriations). The program was expanded to include mid-tier value chains and local

and regional food businesses. These new grant priorities for projects that support local food system development and for small and midsize family farms and beginning and socially disadvantaged farmers and ranchers are a welcomed improvement. *A new Rural Micro-enterprise Assistance Program (RMAP) also received \$15 million in mandatory funding* (annual appropriations required). RMAP will provide loans and technical assistance to rural entrepreneurs with low and moderate incomes to establish small businesses in rural areas.

The new farm bill provides much-needed additional funding to help organic farmers with their organic certification costs and the transition costs associated with three-year conversion from conventional to organic. *The new farm bill also increases funding for organic research to five times the current level.* It also takes significant steps toward improving crop insurance policies. This is a solid and important start to helping farmers keep up with demand for food that is produced organically.

- The Livestock Title - This was an important title for National Catholic Rural Life conference because it was aimed at addressing competition issues significant for contract growers of livestock and poultry. Producers will be able opt out of arbitration clauses in their livestock or poultry production contracts. The Livestock title also directs USDA to define “undue pricing preference” to protect small and independent livestock producers from unjustified pricing practices that favor larger producers. The bill includes a Country of Origin Labeling provision requiring retailers to label the country of origin of meat, fish, fruits and vegetables by September 30, 2008.

Major Disappointments

Most disappointing is that the bill does not include real payment limitation reform, a mechanism that would have addressed the unjust concentration of supports for the largest and wealthiest operations. The bill makes only **slight progress in ending the inequities of our farm supports**. A major opportunity for real reform was lost and the subsidy system continues to help those who need it least over those who need help the most. On a positive note, the bill includes:

- The elimination of the 3-entity rule and direct attribution, both of which were egregious loopholes that allowed for multiple excessive payments and an abuse of the system. These are important reforms of Title I commodity supports.
- Lower income limits for direct payment eligibility (Title I commodity supports) from \$2.5 million Adjusted Gross Income (AGI) to \$500 million AGI for nonfarmers and \$750,000 AGI for farmers - that is income after expenses per individual. While a step in the right direction, these changes are considered by many to be quite minor. Individuals not actively engaged in farming can continue to get payments. Also, family farm operations with a combined income after expenses of \$1.25 million can still receive the maximum amount of direct payments allowed.
- The option to participate in a revenue-based counter-cyclical program is an important provision that, if successful, could signal movement away from a traditional “farm safety net” to one that responds to market signals, thereby less trade distorting.

Additional Significant Provisions

In a significant achievement, H.R. 2419 would also extend important trade preferences for Haiti and the Caribbean Basin aimed at fighting poverty and hunger and strengthening economic ties between the U.S. and the region. USCCB lobbied extensively for passage of HHOPE II as well as extension of preferences under the Caribbean Basin Initiative.

Haiti (HOPE II)

- Congress passed the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act in 2006. Currently, the use of the Act's preference program is limited due to complex rules. In fact, just 1.6% of Haiti's apparel exports in 2007 were under the HOPE I program. As a result, the economic benefits that the preference program was intended to spread widely have not been forthcoming.
- The "HOPE II" provisions included in the Farm Bill provide additional, simplified ways for Haitian apparel to qualify for duty-free treatment in order to foster economic development. It also creates incentives to use American inputs, thereby providing new opportunities for American workers, farmers and businesses.
- HOPE II is estimated to create upwards of 30,000 jobs over the next few years.

Two-year extension of Caribbean Basin Initiative (CBI)

- The Caribbean Basin Initiative (CBI) provides preferences on textiles, apparel, and other goods. CBI has helped raise living standards and strengthened the economies of many Caribbean nations. The initiative has also provided benefits to American workers and businesses and strengthened the United States' ties to important friends and allies in the region. (Note: Haiti currently exports most of its goods to the U.S. under Caribbean Basin Trade Promotion Authority-CBTPA). However, certain CBI benefits expire on September 30, 2008.
- The CBI provisions included in the Farm Bill extend the expiring provisions for two years. Like the HOPE II reforms, they will help participating Caribbean nations attract foreign investment and create new jobs.

WHAT'S NEXT?

We will continue to monitor closely domestic and international programs and rural development programs that are subject to annual appropriations in order to seek continued improvements. We will evaluate our efforts in this Farm bill and will begin working now towards the next Farm bill so that we can adjust our system of farm supports from one which aids those least in need of help, to one which helps those in greatest need and to ensure that our food and farm policies strengthen rural communities and our one human family.

USCCB POSITION

The U.S. Bishops declared that "the primary goals of agricultural policies should be providing food for all people and reducing poverty among farmers and farmworkers in this country and abroad." (*For I Was Hungry and You Gave Me Food: Catholic Reflections on Food, Farmers and Farmworkers*).

The United States Conference of Catholic Bishops (USCCB), the National Catholic Rural Life Conference (NCRLC), Catholic Charities USA (CCUSA), and Catholic Relief Services (CRS) have worked closely to support policies in the 2008 Farm Bill that support rural communities and

family farms; strengthen and expand domestic anti-hunger programs; promote conservation and good stewardship of the land; ensure safe living and working conditions for farmworkers; promote fairness for farmers in developing countries; and provide food security aid efficiently and effectively to hungry people worldwide.

FOR MORE INFORMATION

To read Catholic community joint letters and action alerts on our 2008 Farm Bill priorities and policies, go to:

<http://www.usccb.org/sdwp/national/agric.shtml>

To see how your Representative voted on the Farm Bill Conference Report go to:

<http://clerk.house.gov/evs/2008/roll315.xml>

To see how your Senator voted on the Farm Bill Conference Report (without Title III) go to:

http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=2&vote=00130

For the full text of the conference report, go to:

[http://thomas.loc.gov/cgi-bin/cpquery/R?cp110:FLD010:@1\(hr627\)](http://thomas.loc.gov/cgi-bin/cpquery/R?cp110:FLD010:@1(hr627))

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