



The 2007 Farm Bill: Stewardship, Prosperity, and Fairness

The Izaak Walton League's Values-based Vision of Agriculture for all of America

EXECUTIVE SUMMARY

The Farm Bill is the single most important piece of legislation for Americans concerned about food, water, habitat, and land conservation.

More than half of total U.S. land is in agricultural use. Urban land use is just 2.6 percent, and parks and wildlife areas are 13.1 percent.¹ The annual budget for the U.S. Department of Agriculture to implement Farm Bill policies exceeds \$90 billion. That is 10 times the budget of the U.S. Department of the Interior. The portion of the USDA budget dedicated to crop production subsidies alone is approximately 20 times the entire budget of the U.S. Fish and Wildlife Service.

The 2007 Farm Bill process is an opportunity to mold national farm policy to positively shape the future of farming. Moreover, it will determine how those policies affect farmers and rural economies, citizens and soil, wildlife and water quality. If crafted properly the 2007 Farm Bill will provide economic, conservation, and community benefits through a viable set of policies that will deliver:

- Stewardship of the land, water, and wildlife by farmers who are invested in their land and farm operation.
- Prosperity of rural economies, dependent on thriving farm opportunities and healthy natural resources.
- Diversity of agriculture, and support for all types of farms, products, and resources.
- Fairness to smaller and independent farmers by recognizing the importance of keeping farming as a viable occupation, with opportunity for young and beginning farmers.
- Security of America's food supply.

We know that farm policy, both as it is assembled in Congress and as it is delivered on the ground, is incredibly diverse but entirely interdependent. We cannot expect significant success if we deal with only one part of farm policy, such as conservation, while ignoring others, such as rural economic development and production payments.

¹ USDA Economic Research Service. 2006. *Major Uses of Land in the United States, 2002*. Available at: http://www.ers.usda.gov/publications/EIB14/eib14_reportsummary.pdf

The Farm Bill and Its Impacts

The Farm Bill supports agricultural production, but it also guides it. By primarily paying to support just five major crops (corn, cotton, wheat, rice, and soybeans), production programs influence production choices and shape local economies. Research from the Federal Reserve Bank states that the programs “wed farming regions to an ongoing pattern of economic consolidation.”²

The Farm Bill payments for those few crops lack effective limits on how much a farming operation may receive. The more a farm produces, the more a farm receives in payments. According to the U.S. Department of Agriculture (USDA), “with most payments going to the largest farms” the unlimited payments have “encouraged farm consolidation and fewer farms over the long run.”³

USDA researchers have also identified positive opportunities for Farm Bill policy. Specifically, natural amenities like pleasant landscapes and opportunities for outdoor recreation generate economic growth in rural areas: “Natural amenities are highly correlated with population and employment growth—they even shape agriculture.... [The] number of farms has increased in counties with high levels of natural amenities.” The Farm Bill’s conservation programs that protect and enhance natural resources also protect and enhance rural economies. However, conservation programs face real challenges in achieving their promise.

² Drabenstott. 2005. *Do Farm Payments Promote Rural Economic Growth?* Main Street Economist. Federal Reserve Bank of Kansas City, Center for the Study of Rural America. Available at: http://www.kc.frb.org/RuralCenter/mainstreet/MSE_0305.pdf.

³ McGranahan and Sullivan. 2005. *Farm Programs, Natural Amenities, and Rural Development*. USDA-ERS Amber Waves. Available at: <http://www.ers.usda.gov/AmberWaves/February05/Features/FarmPrograms.htm>.

Farm Bill policy requires farmers who receive program payments to comply with basic rules for practicing conservation. But 80 percent of those found to be out of compliance are granted waivers. And Congress has added exemptions to allow some payments even when a farmer is out of compliance.

The compliance covenant meant to ensure that where public money is invested the public’s interests are protected is in poor condition.

Congress has also cut the funding committed to conservation programs in the previous Farm Bill. More than \$5 billion promised to conservation has been withheld. This despite the fact that as many as three-fourths of the eligible farmers and ranchers seeking conservation programs are turned away due to lack of funds. No similar caps have been applied to the unlimited crop payment programs.

Farm Bill policy is also experiencing an intense interest in agricultural resources for domestic energy production. The expansion of corn ethanol is a primary example. However, the small percentage of fuel use that corn ethanol can replace has the U.S. Department of Energy encouraging additional energy crops.

Perennial grasses carry great promise for energy production and conservation benefits. They can be grown in more areas of the country than corn. Conservation benefits of perennials include reduced sedimentation, reduced pollutant run-off, improved soil quality, additional carbon sequestration, and improved wildlife cover year round.

Global trade rules are one more Farm Bill consideration. The governments of 149 nations are pursuing new rules for international trade, but negotiations are not currently progressing. Though the final outcome of negotiations cannot be known, new Farm Bill policy should recognize that trade rules will restrict production payments but not conservation supports.

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Proposals for the 2007 Farm Bill

Major overhaul of Farm Bill policy is unlikely in 2007. Substantial policy reform is constrained by federal deficit and budget pressures. The influence of biofuel development and global trade negotiations may also be significant, but is impossible to predict. The Izaak Walton League of America's realistic vision for the 2007 Farm Bill focuses on aligning careful corrections with renewed commitments.


Loopholes that allow for manipulating and avoiding limits on production payments must be closed. Effective payment caps will combat the misplaced incentive for economic consolidation and loss of farms in rural America. In addition, the savings will enable meeting rather than cutting the funding commitment to conservation programs. Closing loopholes and prioritizing conservation is supported by a large majority of farmers themselves.⁴

Production land that receives Farm Bill payments must comply with conservation requirements. The conscientious application of compliance rules will protect natural resources and federal funds. Appropriate restrictions must also be adopted for payments that encourage destroying native grasslands in order to plant production-program crops.

Corn ethanol has been successful in generating increased prices for farmers' crops. But the greater promise of a future for farmers as energy producers comes from perennial energy crops. Development of conservation-based production models for these new perennial crop systems must take place now. Conservation programs designed for land in agricultural production are already in place. They provide the ideal means for supporting the development of new perennial systems.

Taking the actions described here will mean success for the 2007 Farm Bill. Applying previously misspent federal dollars to natural amenity enhancing conservation programs actually creates economic development opportunity. Additionally, the high crop prices created by ethanol expansion blunt any impact from closing payment limit loopholes. Finally, emphasizing the conservation-based development of perennial energy crops will expand markets and production opportunities for farmers.

In short, we can remove destructive, wasteful spending to expand protective, beneficial results. Success is achievable without radical reforms or inflated spending. It is imperative that the 2007 Farm Bill establishes the path toward an agricultural future that serves all Americans.



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⁴ Lubeen. 2006. *Agriculture, Food and Public Policy Preference Survey*. Oak Brook, IL: Farm Foundation. Available at: <http://www.farmfoundation.org/projects/06-02ProducerSurvey.htm>.

Izaak Walton League of America: Policy Priorities for the 2007 Farm Bill

Commodity Title Proposals

- * Close payment loopholes by eliminating the three-entity rule and unlimited gains from commodity loan certificates and forfeitures.
- * Fully fund conservation programs with savings from commodity title reform.

Conservation Compliance Proposals

- * Enact a Sodsaver provision that specifies any land without a prior cropping history will be ineligible for all Farm Bill supports—including commodity, crop insurance, conservation, and disaster payments.
- * Re-establish the loss of crop insurance subsidies under Conservation Compliance penalties.
- * Create state-level Independent Review Boards for waivers issued for non-compliance determinations.
- * Extend compliance requirements to all cropland receiving federal farm program benefits that experiences leaching and runoff of pollutants and nutrients, or soil erosion at excessive levels.

Agricultural Energy Proposals

- * Develop research programs and projects for bioenergy development that will establish sustainability standards to optimize energy crop production in line with conservation benchmarks. (see "Conservation Security Program" below)
- * Prioritize wildlife, energy efficiency, and resource conservation in bioenergy production standards and facility development.

Conservation Title Proposals

- * Require that two percent of total annual conservation title funding be dedicated to mandatory monitoring and evaluation of conservation programs.
- * Authorize a public access option for conservation easements that provides landowner incentives on a voluntary basis for allowing public access for hunting, fishing, hiking, bird watching, and other recreational amenities that do not conflict with the conservation goals of the programs.
- * Reauthorize Technical Assistance funding for conservation programs as a percentage of each program's total funding stream using mandatory Commodity Credit Corporation dollars.

Policy Priorities for specific USDA Conservation Programs

Conservation Reserve Program (CRP)

- * Pursue full-scale implementation at the originally designated 45 million acre level.
- * Maintain existing rule of date restrictions for establishing historical base in order to prevent newly broken land from being cropped and becoming eligible for later enrollment in CRP.

Conservation Security Program (CSP)

- * Retain CSP as the primary stewardship incentives program to reward superior conservation systems on land in agricultural production.
- * Ensure an adequate and protected funding supply to enable voluntary enrollment for eligible participants nationwide.
- * Use fish and wildlife professionals to enhance fish and wildlife elements of the program in keeping with local characteristics and concerns.
- * Integrate a conservation-based energy crop production component to establish perennial crops, sustainability standards, and wildlife protection in bioenergy production.

Environmental Quality Incentives Program (EQIP)

- * Re-instate prohibition of contracts that pay for CAFO construction expenses.
- * Realign payment cap to a maximum level not greater than \$150,000 in any 5-year period and maintain direct attribution of payments to real persons.
- * Ensure that contracts for water conservation achieve quantity gains that are not lost to expanded use of the water resource. Create a system for recording net water gains for stream flows and groundwater.

Wetland Reserve Program (WRP)

- * Reauthorize at 250,000 acres/year and 3,500,000 acres nationwide.
- * Prioritize perpetual easements.

Wildlife Habitat Incentives Program (WHIP)

- * Reauthorize program in coordination with State Wildlife Action Plans, National Fish Habitat Action Plan, and other local or regional plans to optimize delivery.

Grassland Reserve Program (GRP)

- * Reauthorize as a nationwide program with commensurate increase in funding.
- * Allow the restoration of native grasslands, and encourage perpetual easements.

Farm and Ranch Lands Protection Program (FRLPP)

- * Reauthorize the program and require Resource Management Systems (RMS)-level plan, including Soil, Water, Air, Plants, and Animals (SWAPA) to be eligible.

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