Protecting & Conserving Our Nation's Farmland & Supporting Beginning Farmers

Conservation Stewardship Program (CSP): In terms of public policy, stewardship of our natural resources is going to fall more and more on the ability of working lands conservation programs to provide the incentives and assistance to farmers to achieve conservation outcomes by the way they manage their farms. One program that provides support to farmers for maintaining and enhancing working lands conservation is the Conservation Stewardship Program (CSP).

Minnesota has been the top state in the nation in terms of both the number of contracts (3,236) and resources ($260 million) secured through CSP. Demand remains strong and farmer usage high. In 2012, over 1,500 Minnesota farmers applied for CSP with 893 receiving contracts on over 659,000 acres.

The Land Stewardship Project opposes all cuts to the conservation title. Farm Bill proposals from 2012 took $6 billion from conservation for the next 10 years. With the increased demand on the farming landscape, greater volatility in weather patterns, major soil loss, and growing impairments of our waterways, conservation investments should be increased not decreased.

In future farm policy:

- **Apply a fix to the Continuing Resolution 2013 appropriations cut that will kill a Conservation Stewardship Program sign-up in 2013.** A number of conservation programs were cut in the Continuing Resolution for FY 2013 passed in August of 2012. CSP was cut to 2011 year levels, which means the program will only have funding to cover existing contracts and not be able to offer new contracts. This cut was not intentionally made to virtually shut down 2013 sign-ups; it was a mistake that we hope can be corrected in either a disaster package or the next Continuing Resolution expected in March or April of 2013.

- **While LSP fundamentally opposes any conservation program cuts, if any further cuts are proposed they should be done in an equitable and fair manner.** No conservation program should shoulder a larger burden of cuts than another. Past proposals unfairly targeted the Conservation Stewardship Program and the Conservation Reserve Program for heavy cuts.

Crop insurance: Some federal support for crop insurance is needed to assist farmers in managing risk on their agricultural operations. But as currently conceived and delivered, federally subsidized crop insurance creates devastating economic and environmental disparities on the landscape. While some aspects of reform were incorporated into draft farm bills in 2012, new farm policy provisions for 2013 should renew and strengthen those accountability and equity measures.

In future farm policy:

- **Establish adjusted gross income limits for crop insurance.** All other farm programs include limits or reduce the federal subsidies that wealthy individuals might receive. Federally subsidized crop insurance does not. We believe a strong limit should be put in place and if you exceed that limit you are either ineligible for crop insurance or the federal government's share of premium costs is greatly diminished. We should not be giving millionaires the same type of support intended for rank-and-file family farmers.

- **Require conservation compliance as a condition of receiving federally subsidized crop insurance.** Conservation compliance provisions are attached to most farm programs and require basic stewardship of soil and water resources as a condition of receiving support. With the growth and prominence of crop insurance these same requirements should be linked with crop insurance to protect our nation's natural resources as well as our long-term ability to produce food and fiber.

- **Enact a payment limit on premium subsidies.** There are currently no limits on the amount of premium subsidies (often called "risk subsidies" – the portion of a premium paid for by the federal government) for which a producer is eligible through crop insurance. Even at the very high level of $40,000 per individual per year, according to the GAO report: *CROP INSURANCE: Savings Would Result from Program Changes and Greater Use of Data Mining*, a cap to premium subsidies would save nearly $1 billion a year. These savings could be reinvested in other farm policy priorities and applied to deficit reduction.

- **Incorporate a nationwide sod saver provision:** The breaking out of native prairie and land that does not have a cropping history should be discouraged. These acreages tend to be marginal land or are environmentally sensitive. Commodity program and crop insurance benefits should be restricted and prohibited on these fragile acres.

- **Increase program transparency:** Currently information about whom and how much money beneficiaries of crop insurance receive is either extremely difficult to access or not available at all to the public. How much individual producers receive in taxpayer-supported premium subsidies is unobtainable; and crop insurance companies' individual reimbursements and reinsurance collections are very difficult to find. Measures should be taken to make this data available to the public in a readily accessible format. Protecting proprietary information can be achieved while providing greater transparency.

- **Rein in reimbursement rates that crop insurance companies collect for overhead and administration:** We urge support for measures similar to the amendment proposed in the 2012 Farm Bill debate by Senator Kristen Gillibrand (D-NY) that would have reduced overhead and administration baseline by $5 billion over 10 years. Considering the massive crop insurance industry profits from the past 20 years this is modest and common sense reform.

Beginning Farmer and Rancher Development Program: One of the most successful beginning farmer and rancher initiatives of the 2008 Farm Bill, the Beginning Farmer and Rancher Development Program (BFRDP) provides grants to community organizations and educational institutions to assist and support beginning farmers and ranchers. Essentially, the BFRDP matches federal resources with local, state and regionally based networks and partnerships to provide education, training, and support for beginning farmers and ranchers. Demand has remained high as the number of applicants far exceeds available funding, (see table below).

Table I: BFRDP Funding and Demand

Year	Grant Recipients	Applicants	Funding Awarded	Success Rate
2009	29	194	$17,185,504	15%
2010	40	117	$18,140,803	34%
2011	36	108	$18,154,513	33%
2012	40	109	$17,886,643	37%
Total	**145**	**528**	**$71,367,463**	**27%**

Through the BFRDP we've seen a broad array of grant recipients, a strong community-based focus and nationwide usage. Extensive review and analysis by the Land Stewardship Project and USDA's National Institute of Food and Agriculture have shown this investment proves out and meets the congressional aims of the program --- see "*Beginning Farmer and Rancher Development Program: 2012 Progress Report* and the *FY 2011 Outcomes Report: BFRDP*."

According to USDA, the program has assisted over 38,000 beginning farmers and ranchers with support for projects in 48 states. Yet, with expiration of the 2008 Farm Bill in October 2012, so has come expiration of the Beginning Farmer and Rancher Development Program. The failure of Congress to pass a comprehensive farm bill has left some of the most innovative growth programs like the BFRDP frozen.

<u>In future farm policy:</u>

- **Reauthorize and dedicate $20 million a year for the BFRDP.** The Senate-passed and House Committee-passed farm bills include some mandatory funding for the BFRDP but we strongly urge Congressional leaders to increase the funding level to $100 million over 5 years, or $20 million annually. This funding request represents only a slight increase over level funding on an annual basis. Considering that in the past four years there have been 528 projects requesting support and only 145 projects granted funding, it's clear the need and demand is present and legitimate. With prospects for a BFRDP offering being achieved in FY 2013 diminishing the $20 million a year in funding can make up for a lost year in program availability.

<u>Additional legislative recommendations:</u>

- Maintain the 25% set-aside of yearly funds for programs and services that address the needs of serving limited resources, socially disadvantaged beginning farmers and ranchers and farmworkers desiring to become farmers or ranchers.

- Within the socially disadvantaged producer set-aside, expand the parameters to include military veterans who are beginning farmers.

- Include agriculture rehabilitation and vocational training programs for military veterans within the grant project services that can be offered.

- Refrain from establishing unneeded new subsections that would create grant types such as "state grants". Grants to support services such as farm safety or any other purpose should not be elevated above the other 18 detailed programs and services that grants can be made for.

- Refrain from altering the matching proportion, which currently requires applicants to match in the form of cash or in-kind contribution in an amount equal to 25% of the funds provided by the grant.

- Incorporate a provision to establish a 10% indirect cost option in lieu of a higher and more time-consuming negotiated rate for community-based and non-governmental applicants.