

Analysis of Farm Bill Policy Priorities and the 2012 House and Senate Farm Bills



**Southern Regional
Asset Building Coalition**

Executive Summary

A Report by the Southern Regional Asset Building Coalition

2012

The Southern Regional Asset-Building Coalition

The Southern Regional Asset-Building Coalition (SRABC) Project is a partnership among state coalitions in Alabama, Florida, Louisiana, and Mississippi dedicated to developing and advocating for policies and programs that support low-income families and sustain communities across the southern region. The aim of the SRABC is to provide asset development guidance, disseminate relevant information that supports policy development, and initiate programs for a higher quality of life for communities and families across the region. Central to the vision of the project is inclusion of traditionally marginalized groups. The project engages all organizations in the region that represent people of color and persons with disabilities, as well as those that represent the diverse perspectives of employers, policymakers, business owners, and academia. The focus of the SRABC project is to raise awareness and create strategies and policies that address the economic challenges of the region.

Overview

The *Food, Conservation, and Energy Act of 2008* or the 2008 Farm Bill is set to expire on September 30, 2012. The Senate and the House Agriculture Committee have approved their versions of the 2012 omnibus Farm Bill. This report provides a side-by-side comparison of some of the major similarities and differences between the House and Senate versions of the bill and how they compare to the Farm Bill Policy Priorities of the Southern Regional Asset Building Coalition.

Background

The Southern Regional Asset Building Coalition (SRABC) identified several programs that are critical to asset building and rural development initiatives in the Black Belt and Gulf Coast Regions of the United States. These initiatives fall primarily into four areas which will be addressed in this report 1) Agricultural Programs, 2) Rural Development Programs, 3) Nutrition, and 4) Housing Programs.

SRABC Farm Bill Priorities: Agricultural Programs

- ***2501 Program***

The 2008 Farm Bill provided mandatory funding of \$15 million per year or \$75 million for four years. While both bills reauthorize funding for the 2501 Outreach and Technical Assistance Program to improve participation of socially disadvantaged farmers and ranchers in USDA programs, significant cuts will dramatically reduce the effectiveness of this program. The House bill provides \$10 million per year for five years. The Senate Bill provides only \$25 million total for five years. Both bills add veteran farmers and ranchers to the groups eligible for the program. As such, the program must now serve more farmers and ranchers with fewer resources.

- ***Beginning Farmers and Rancher Development Program (BFRDP)***

The 2008 Farm Bill provided \$75 million over four years for the Beginning Farmers and Rancher Development Program (BFRDP). While both bills extend authority through FY2017, the Senate bill provides \$85 million and the House bill provides only \$50 million over a five year period. The Senate bill also adds veteran farmers and ranchers as a qualifying group and creates a new 5 percent set aside for projects that benefit veteran farmers. The House bill eliminates the set-aside for socially disadvantaged farmers and ranchers, and increases the matching funds requirement, which will be detrimental to many community-based and farmer groups who have successfully used this program in the past.

- ***Conservation and Loan Programs***

The 2008 Farm Bill established priority for beginning farmers or ranchers and socially disadvantaged producers participating in conservation and lending programs. Both bills maintain priorities for beginning farmers and ranchers and socially disadvantaged producers. The Senate bill includes, for the first time, a priority for veteran farmers. Most notably, the House bill prioritizes the Environmental Quality Incentives Program (EQIP) by maintaining current funding. The House bill increases the EQIP payment limitation from \$300,000 to \$450,000. The advance cost-share payment for beginning and socially disadvantaged farmers and ranchers is increased to 50 percent from the current level of 30 percent. Conservation set asides for beginning and socially disadvantaged farmers are maintained within both bills. The Senate bill retains the current EQIP payment \$300,000 cap and maintains the current level of advance cost-share payments for beginning and socially disadvantaged farmers and ranchers. Additionally, the House bill has improved credit provisions aimed at helping beginning and socially disadvantaged farmers, including modifications to the Down Payment Loan Program, Conservation Loans, and Direct Farm Ownership.

SRABC Farm Bill Priorities: Rural Development Programs

- ***Value-Added Producer Grants***

Value-Added Producer Grants are reauthorized with \$50 million in mandatory funding in both bills. The 2008 Farm Bill capped grant awards at \$300,000. The Senate bill, however, increases the grant amount to \$500,000 and establishes priority for projects in which at least 25% of the project recipients are beginning farmers ranchers or socially disadvantaged farmers or ranchers. The Senate bill also includes a 10% set aside for beginning farmers and socially disadvantaged farmers.

- **Rural Cooperative Development Grants**

Rural Cooperative Development Grants are extended to assist in the development of new cooperatives and improve the operations of existing cooperatives. The 2008 Farm Bill authorized \$50 million annually for FY2008-FY2012, subject to appropriations. The Senate bill reauthorizes funding for grants at \$50 million annually for FY2013-FY2017, subject to appropriations. The House bill reauthorizes funding for grants at \$40 million annually for FY2013-FY2017, subject to appropriations.

- **Rural Micro-entrepreneur Assistance Program**

The Rural Micro-entrepreneur Assistance Program provides small loans of \$50,000 or less to re-lending organizations to assist small businesses with fewer than 10 employees. The Senate bill provides \$3.75 million annually for FY2014-FY2017 or \$15 million total mandatory funding and an additional \$20 million per year discretionary. The House bill has no mandatory funding and \$20 million per year discretionary

- **Rural Business and Cooperative Development and Rural Business Opportunity Grants**

The Rural Business and Cooperative Development and Rural Business Opportunity Grants provide grant assistance of up to \$1.5 million to identify business opportunities that will use local rural resources to train and provide technical assistance to existing or prospective rural entrepreneurs, to establish business support centers, and to support local and regional economic development planning. The 2008 Farm Bill authorized \$15 million annually for FY2008-FY2012, subject to appropriations. The Senate bill eliminates the program, but consolidates the program's objectives within a broad rural business development grants program. The broader program is authorized for \$65 million annually for FY2013-FY2017, subject to annual appropriations. The House bill authorizes \$15 million annually for FY2013-FY2017.

SRABC Farm Bill Priorities: Nutrition

The Supplemental Nutrition Assistance Program (SNAP) covered nearly 75% of spending in the 2008 Farm Bill. When the last farm bill passed in 2008, there were 25 million Americans getting food benefits. Now there are 45 million Americans relying on SNAP to help feed their families. Despite the growing need for this program of last resort, the Senate approved a reduction of \$4.5 billion in SNAP over 10 years in its version of the bill. According to the Congressional Budget Office, an estimated 500,000 households would lose \$90 in SNAP benefits. The House has approved an even more drastic reduction in SNAP; \$16.5 billion over ten years.

SRABC Farm Bill Priorities: Rural Housing

The 2008 Farm Bill set the spending level for USDA housing programs at \$471 million for the combined FY2008 - FY2012 budget. Current budget projections for FY2012 reduce or eliminate funding for a number of rural housing loan and grant programs, including mutual and self-help housing, very-low income housing repair loans, single family direct housing and guaranteed community facility loans. The reductions total nearly \$400 million below what was provided at the 2011 level.

SRABC FARM BILL PRIORITIES
Summary Chart

SRABC FARM BILL PRIORITIES	SENATE BILL	HOUSE BILL
<p>2501 Program The current funding of for the 2501 program should remain mandatory and be increased by 10 percent, from \$75 million to \$82.5 million.</p>	<ul style="list-style-type: none"> ■ Senate bill provides \$5 million per year, which is a 75% cut from current levels. Veteran farmers and ranchers are added to this program. ■ \$25 million total for the 5 years of the 2012 Farm Bill 	<ul style="list-style-type: none"> ■ House bill provides \$10 million per year, which is almost a 50 percent cut from current levels. Veteran farmers and ranchers are added to this program, as they are in the Senate bill. ■ \$50 million total for the 5 years of the 2012 Farm Bill
<ul style="list-style-type: none"> ■ Beginning Farmers and Rancher Development Program (BFRDP) ■ Beginning Farmers and Ranchers Program funding should be maintained at current or higher levels of funding. ■ Cash matching should be eliminated and program should have a set aside of 20% for programs serving primarily socially disadvantaged farmers and ranchers. 	<ul style="list-style-type: none"> ■ Senate bill provides \$17 million per year, a 10% cut from current levels. ■ \$85 million over 5 years ■ New 5 percent set aside for projects that benefit veteran farmers. 	<ul style="list-style-type: none"> ■ House bill provides \$10 million per year, an almost 50 percent cut from current levels. ■ \$50 million over 5 years ■ The House bill also eliminates the set-aside within BFRDP for socially disadvantaged farmers and ranchers, and increases the matching funds requirement. ■ Increased the matching funds requirement from 25 to 50 percent for any project that is state-specific.
<ul style="list-style-type: none"> ■ Conservation and Loan Programs ■ Increase in EQIP advance payments from 30% to 50%. ■ Ensure that socially 	<ul style="list-style-type: none"> • EQIP payment limitation: The Senate bill retains the current \$300,000 cap. • Advance cost-share payment for beginning 	<ul style="list-style-type: none"> • EQIP payment limitation: Increased from \$300,000 to \$450,000 • Advance cost-share payment for beginning

<p>disadvantaged and limited resource farmers are targeted for a minimum of 5% of all conservation and lending programs. FSA should expand its loan eligibility requirements to include payment history or “pay back ability” rather than relying so heavily on credit scores.</p>	<p>and socially disadvantaged farmers and ranchers maintained at current level.</p> <ul style="list-style-type: none"> • EQIP: Conservation set asides for beginning and socially disadvantaged farmers: Maintained within both EQIP and CSP 	<p>and socially disadvantaged farmers and ranchers increased to 50 percent from the current level of 30 percent.</p> <ul style="list-style-type: none"> • EQIP: Conservation set asides for beginning and socially disadvantaged farmers: Maintained within both EQIP and CSP • Improved credit provisions aimed at helping beginning and socially disadvantaged farmers were included in the House bill
<ul style="list-style-type: none"> ■ <i>Small Business and Community Development</i> ■ Increase Value Added Producer Grants from \$300,000 to \$500,000 and eliminate matching requirements for projects that service socially disadvantaged farmers and ranchers. ■ A minimum of 5% targeted focus, plus multi-year grants for socially disadvantaged clients for RBEG, RBOG, REAP,, and RMAP ■ A more streamlined application process 	<ul style="list-style-type: none"> ■ Value-Added Producer Grants (VAPG): \$50 million total mandatory, to remain available until expended, and \$40 million per year discretionary (same as House bill). ■ Maximum grant amount increased to \$500,000 ■ 10% set aside for beginning farmers or socially disadvantaged farmers ■ Establishes priority for projects in which at least 25% of the project recipients are beginning farmers or ranchers or socially disadvantaged 	<ul style="list-style-type: none"> ■ Value-Added Producer Grants (VAPG): \$50 million total mandatory, to remain available until expended, and \$40 million per year discretionary (same as Senate bill). ■ Rural Cooperative Development Grants: Reauthorizes funding for grants at \$40 million annually for FY2013-FY2017, subject to appropriations. ■ Rural Microentrepreneur Assistance Program (RMAP): No mandatory funding; \$20 million per year discretionary ■ Rural Business

<ul style="list-style-type: none"> ■ An increase in grant limits to \$400,000 annually for Rural Cooperative Development Grants; and extend grant period through the life of the Farm Bill. ■ Elimination of all cash matching requirements. 	<p>farmers or ranchers.</p> <ul style="list-style-type: none"> ■ <u>Rural Cooperative Development Grants</u>: Reauthorizes funding for grants at \$50 million annually for FY2013-FY2017 subject to appropriations. ■ <u>Rural Microentrepreneur Assistance Program (RMAP)</u>: \$15 million total mandatory funding; \$20 million per year discretionary ■ <u>Rural Business Opportunity Grants (RBOG)</u>: Reauthorized with \$15 million per year discretionary. ■ <u>Rural Business Enterprise Grants (RBEG)</u>: The Senate bill combines RBOG and RBEG into one program called Rural Business Development Grants with \$65 million per year discretionary.) 	<p><u>Opportunity Grants (RBOG)</u>: Reauthorized with \$15 million per year discretionary.</p> <ul style="list-style-type: none"> ■ <u>Rural Business Enterprise Grants (RBEG)</u>: Not reauthorized but not repealed.
<ul style="list-style-type: none"> ■ <i>Rural Housing</i> ■ Use payment history over credit history for applications. The payment history should include no delinquencies over the 	<ul style="list-style-type: none"> ■ “Grandfathers” all existing communities in the USDA Rural Housing Section 502 program for another 10 years, allowing them to maintain access to 	

<p>previous 36 months, with the exceptions of medical bills and federally declared natural disasters and related expenses.</p> <ul style="list-style-type: none"> ■ Create a training and technical assistance program similar to 2501 at \$25M in cooperative agreements with the 1890s, 1994s, Hispanic Serving Institutions and community based organizations with a ten-year history of serving socially disadvantaged communities to help recruit, explain and assist applicants in the loan and grant application process. 	<p><u>USDA's Rural Housing Service.</u></p> <ul style="list-style-type: none"> ■ Budgetary reductions for FY2012 are expected to total nearly \$400 million below what was provided in the 2011 level (Same for House Programs) ■ Reduces or eliminates funding for a number of rural housing loan and grant programs, including mutual and self-help housing, very-low income housing repair loans, single family direct housing and guaranteed community facility loans. (Same for House programs) 	
<ul style="list-style-type: none"> ■ Nutrition ■ <i>Increase authorization and appropriation for the SNAP and WIC programs to assure nutrition for all people in America, especially during the current economic downturn.</i> 	<ul style="list-style-type: none"> ■ The Senate approved a reduction of \$4.5 billion in SNAP over 10 years, which means that 500,000 households would lose \$90 in SNAP benefits. 	<ul style="list-style-type: none"> ■ The House has approved an even more drastic reduction in SNAP: \$16.5 billion over ten years.

Southern Regional Asset Building Coalition Members

The Alabama Asset Building Coalition
Florida Asset Building Coalition
Partners for a Prosperous Louisiana
Coalition for a Prosperous Mississippi

Partners

Florida A & M University
Tuskegee University
Center for Social Development, Washington University in St. Louis
Federation of Southern Cooperatives Land Assistance Fund

Farm Bill Coordinator

Federation of Southern Cooperatives/Land Assistance Fund

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