

Farm Bill 2012

Recommendations



The Midwestern Governors Association (MGA) is a non-profit, bipartisan organization that brings together top state leaders to work cooperatively on significant public policy issues in the Midwest. The purpose of the MGA is to foster regional development, facilitate interstate cooperation, improve intergovernmental relations and provide a medium for the exchange of views and experiences on subjects of importance to the people of Midwestern states.



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On behalf of the Midwestern Governors Association (MGA), we submit regional policy recommendations for the reauthorization of the farm bill. The citizens of our states play a critical role in implementing federal farm policy, and we hope to align state policies more closely with regional and national goals. This next farm bill provides significant opportunity to continue to improve upon many agriculture and conservation policies and programs to better adapt to the needs of farmers, ranchers and consumers.

This document provides a regional perspective to supplement our individual states' priorities. Individual states may not fully embrace every recommendation, but this document provides feedback from a variety of state stakeholders within the region.


The provided Midwestern recommendations are aimed to help develop and inform the debate as our nation shapes the future of U.S. agriculture policy for the next five years and beyond.

The governors of the MGA look forward to working with Congress and the Administration in developing and implementing regional and state goals.

Sincerely,



*Pat Quinn
Governor of Illinois and
2011 Chair
Midwestern Governors Association*



*Terry Branstad
Governor of Iowa and
2012 Chair
Midwestern Governors Association*

Table of Contents

<i>Introduction.....</i>	<i>7</i>
<i>Section 1: Commodities.....</i>	<i>7</i>
<i>Section 2: Organic and Specialty Crops.....</i>	<i>9</i>
<i>Section 3: Livestock.....</i>	<i>10</i>
<i>Section 4: Forestry.....</i>	<i>12</i>
<i>Section 5: Invasive Species.....</i>	<i>14</i>
<i>Section 6: Energy.....</i>	<i>17</i>
<i>Section 7: Conservation.....</i>	<i>20</i>
<i>Section 8: Rural Development and Trade.....</i>	<i>25</i>
<i>Section 9: Credit.....</i>	<i>27</i>
<i>Section 10: Crop Insurance and Commodity Futures.....</i>	<i>30</i>
<i>Section 11: Research.....</i>	<i>33</i>
<i>Section 12: Food Safety, Security and Nutrition.....</i>	<i>35</i>

Introduction

Agriculture plays a vital role throughout the nation and all Americans have a stake in future U.S. agriculture policy. The farm bill is about more than farmers, ranchers and crops, it also addresses the safety and security of our food supply, promotes domestic energy production, revitalizes communities, protects the environment and staves off hunger while increasing nutrition. In a time of economic uncertainty, the farm bill is also about jobs, economic growth and sustainability.

Given diminishing budgets and increasing demands on states, the next farm bill needs to give states greater flexibility in managing resources and implementing programs.

In USDA's 2007 Census of Agriculture, the region's 800,000 farms accounted for 71.3 percent of the total Midwestern land area, compared with only 32.5 percent for non-Midwestern states.



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Section 1: Commodities

The fertile and varied land in the Midwest has enabled the region to cultivate a wide variety of commodities. While the region is well known for abundant corn and soybean production, it continues to be a significant producer of dairy products, cattle, wheat, hogs, sugar and forage (such as hay). The Midwest's diverse agriculture production even extends to some lesser-known Midwestern commodities, such as flowering and ornamental plants. While some commodities have seen an upswing of

prices and thriving yields, other commodities, such as dairy, are in recovery.

The diverse nature of Midwestern agriculture underscores the inherent need to resist generalizing price outlooks for all commodities when writing the next farm bill.

The Midwest supports:

- Extending the Average Crop Revenue Election program and simplifying the application and qualification process in order to encourage greater participation. Revenue triggers should be based on county level results rather than statewide.
- Improving safety net program prices and reauthorizing the price-based counter-cyclical program. Issues regarding fairness and qualification for payments should also be addressed, as well as requiring payments to be completed within a shorter timeframe.
- Reauthorizing marketing assistance loans and loan deficiency payments and making them available for all crops authorized in the 2008 Farm Bill. Congress should re-evaluate loan rates relative to recent higher market prices.
- Establishing baseline cost projections over the life of the next farm bill. Congress and the Congressional Budget Office should use the long-term price average (over 7-10 years while dropping the highest and lowest prices). In order to be inclusive of the greatest number of producers, Congress should also evaluate what defines an ‘entity’.
- Reforming federal dairy policy to protect gross margins in today’s market environment of high price volatility and input costs, while allowing producers to modernize and expand their businesses to meet both domestic and foreign demand. National dairy policy should allow the market to determine prices, while providing risk management tools that offer a credible safety net for our producers.

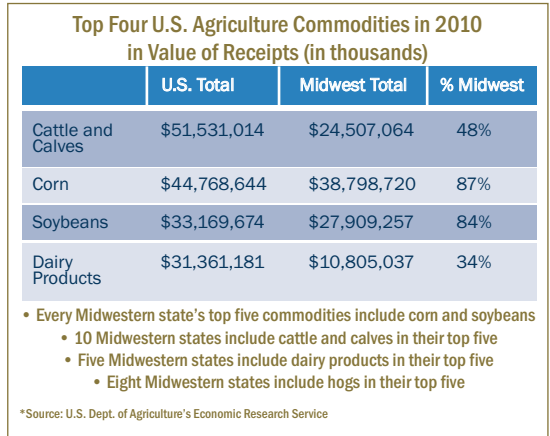


Figure 1.1

Section 2: Organic and Specialty Crops



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Consumer demand for organic crops has grown significantly since 1990. According to the United States Department of Agriculture (USDA), organics are the fastest growing segment of agriculture. Organic farmland doubled in size in from 1990 to 2002, and doubled again from 2002 to 2005, with organic livestock growing even faster. In 2008, approximately 4.8 million acres of farmland was dedicated for organic production. In its 2012 Organic Industry Survey, the Organic Trade

Association announced that the organic industry grew to more than \$31.5 billion in 2011, a 9.5 percent growth over the last year.

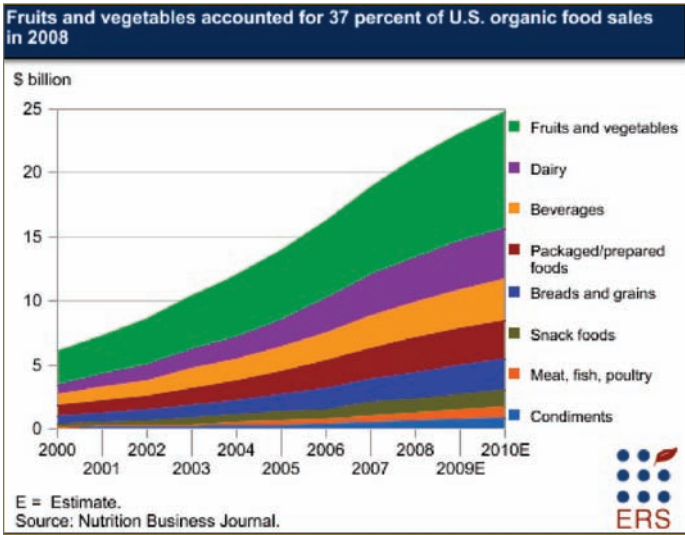


Figure 2.1

The Midwest supports:

- Expanding and fully funding the Specialty Crop Block Grant Program to:
 - allow for state departments of agriculture to assist in safeguarding and expanding agricultural systems; and
 - support the research of both federal and state entities working on insect pests/diseases and environmental issues threatening U.S. agriculture.
- Reauthorizing and funding the Organic Agriculture Research and Extension Initiative, Organic Production and Market Data Initiatives, state partnership grants, Environmental Quality Incentives Program: Organic Initiative and the National Organic Program. Congress should also reauthorize the National Organic Certification Cost Share Program and increase the 10 percent allowed for states to recover from the direct and indirect costs associated with administering the program.

Section 3: Livestock



Animal agriculture is a major economic driver in Midwestern states. As illustrated previously in Figure 1.1, Midwestern states account for 48 percent of the national cattle/calves receipts in 2010 – with hogs and dairy farming also significant Midwestern agricultural sectors. Livestock

is a primary market for Midwestern crops and forage, serving as an initial value-added agriculture opportunity. Therefore, it is imperative that Congress examine ways to ensure a healthy, trusted and vibrant livestock sector in the Midwest region.

The Midwest supports:

- Maintaining state efforts for disease trace back programs, while providing federal direction and funding to ensure a more uniform and effective program.
- Funding for surveillance and indemnity related to emerging and foreign animal diseases and efforts to control economically significant domestic livestock diseases. The region also supports research to identify and eradicate bovine brucellosis, swine brucellosis, bovine tuberculosis and psuedorabies in the wildlife population.
- Congress directing the USDA to develop and implement clear and consistent guidelines to states regarding the status and the treatment of herds under quarantine. Failure to set clear standards will lead to inconsistencies between states and increase the risk of the spreading disease.
- The continued implementation of the interstate meat program. As the USDA and the Food Safety and Inspection Service work on the guidance material and directives to carry out this program, they should seek to focus on food safety, rather than administrative procedures of the program.
- An efficient livestock industry that fosters competition and expands interstate marketing opportunities to ensure producer access to a variety of markets. Efforts to bring price transparency and fairness to livestock markets should be continued.
- Efforts to implement value-added labeling.
- Incentive programs that address the shortage of food animal veterinarian positions in state, public health, emergency management and National Guard departments.

Section 4: Forestry



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The condition of the nation’s forests is vital to the economic and social health of farmers, rural communities and urban-suburban residents. With nearly 97 million acres of forest area (private, state and federal) in Midwestern states, or approximately 20 percent of the Midwest land area according to the U.S. Forest Service, forestry is a critical issue for the region. With forest fires, invasive species, forest fragmentation, population growth and economic pressures, care needs to be taken to ensure the vitality and maintenance of our forests.

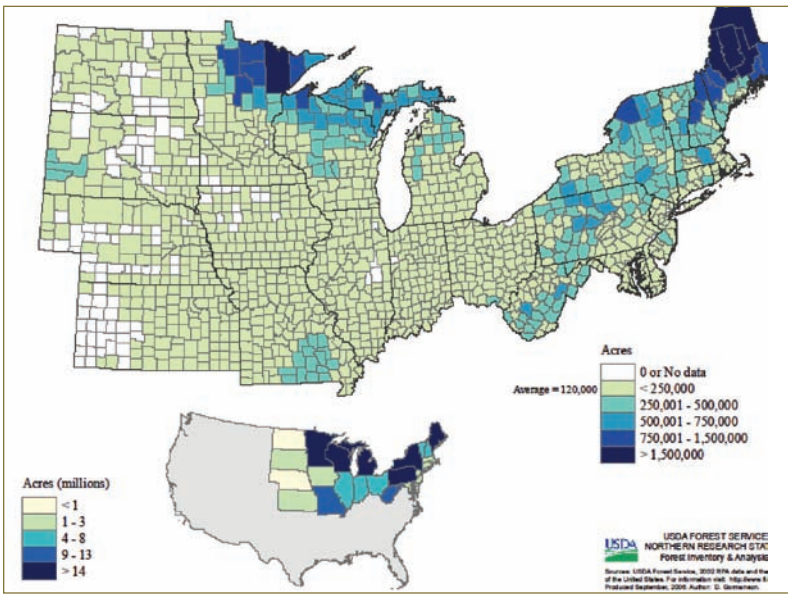


Figure 4.1

The Midwest supports:

- Focusing efforts by the USDA to maintain blocks of working and managed forestland, including keeping forests as forests, reestablishing forests on marginal lands and encouraging sustainable forest management on public and private lands. The region also supports promoting healthy native forest ecosystems by ensuring forestry programs and practices are sustainable (i.e. not converted to monoculture plantings) and do not put forests on historically non-forested lands (i.e. native prairie landscapes).
- The USDA exploring ways to encourage underutilized private forest land to be used for clean air, clean water, carbon sequestration or bioenergy.
- Increasing capacity for prescribed burning on private lands and limiting forestry and conservation program funds being redirected for other purposes such as fighting fires.
- Ensuring adequate funding so that states and local agencies can deliver quality technical assistance to landowners for all forestry programs and practices. Further, the region encourages efforts to strengthen relationships among USDA agencies and the state foresters to better utilize State Forest Action Plans.
- Block grant funding to allow states to directly address issues and strategies outlined in the State Forest Resources Assessments and Strategy documents that were mandated in the 2008 Farm Bill. These funds should be available in addition to current core program and competitive USDA Forest Service funding.
- Reauthorizing the Forest Stewardship Program, the Forest Legacy Programs and the Landscape Scale Forests Conservation Program and maintaining funding levels in order to address the needs of forests linked to agricultural lands. Also, the region supports continuing the endangered species tax deduction provision and extending its eligibility to non-industrial private forestland that is of the target species and the ecosystem in which the land is located.
- Forestry program acres being made eligible for public access programs, such as the Voluntary Public Access and Habitat

Improvement Program. Forestry programs should include funding authorization for practices that allow landowners to comply with federal and state best management practices for aquatic resources protection. Programs should also provide timely forest product market information, trend monitoring, surveys, analysis and reports.

Section 5: Invasive Species



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Every year invasive species cause huge economic losses and dramatic ecological changes. The National Invasive Species Information Center estimated that these pests, at the low end, cause \$138 billion annually in damages and reduced production. Given the combined significance of aquatic species, the agricultural sector, expansive forestlands and vast rural areas, invasive species are an extreme threat to the Midwestern way of life. A comprehensive approach needs to be developed to address the prevention, introduction, response, establishment, eradication, management and recovery of invasive species.

The total eradication program costs for the Asian Longhorned Beetle, as of 2008, were about \$373 million for the U.S. alone. It is estimated that the value of urban trees at risk to the beetle is \$669 billion.

Simulations of the spread of the Emerald Ash Borer predict treatment, removal, and replacement of more than 17 million trees at an estimated cost of \$10.7 billion.

(Source: U.S. Forest Service)

The Midwest supports:

- Creating a holistic and coordinated approach to pest and disease management, effective exclusionary mechanisms, and a strong and rapid response to established populations. The region also supports maintaining and enhancing basic and applied research to support mitigation. Increasing cooperation between federal agencies, states, the transportation industry and private sector is a necessity.
- State and local agencies receiving the support and resources needed to effectively plan, prepare, prevent and recover from a plant pest, noxious weed or livestock disease emergency. This includes funding for states to increase their efforts with non-port of entry or final destination cargo inspection and funding to states to manage non-federally quarantined pests. States should not be expected to provide cost sharing to access emergency funds through the Commodity Credit Corporation.
- Removing pest-specific limitations that currently hinder states' ability to respond to their specific pest threats and emergencies.
- Furthering development and utilization of screening mechanisms as well as enforcing protocols to prevent the introduction of invasive species through interstate and international shipping and commerce by Federal agencies. This involves supporting enhanced interagency efforts including the U.S. Department of Homeland Security (DHS) Customs and Border Protection, Animal and Plant Health Inspection Service (APHIS) and other programs.
- Continuing the ability of APHIS to control populations of invasive species that result from river, rail, truck and highway transportation, with attention to firewood movement. The responsibility of APHIS to include significant agricultural threats of newly emerging native pests and exotic plant pests should be expanded.
- Maintaining funding for the Offshore Pest Information System and its expansion to include all major U.S. trading partners. Support for USDA pre-clearance inspection services in foreign countries where high-risk commodities are shipped on a regular basis should be increased. Inspection rates for high-risk imported commodities should be at least 10 percent.

- Fully funding the Plant Pest and Disease Management and Disaster Prevention program and maintaining funding for the National Clean Plant Network, while exploring the establishment of an umbrella program to capture these initiatives. The National Plant Diagnostic Network, National Pest Survey and Cooperative Agriculture Pest Survey should be reauthorized.
- Creating a dedicated funding source, with fee-based contributions from the private shipping sector to detect and manage invasive species brought to the U.S. via transportation activities. This fund should be administered by the U.S. Secretary of Agriculture and appropriated by Congress only for animal and plant exotic pest control.
- Providing resources for pilot projects that implement on-farm pest management, best management practices and integrate pest management practices for limited resource or minority-owned farms.
- Developing a mitigation compensation fund or incentives program for producers impacted by invasive species, either from a species or from a regulation. Compensation would allow producers to more actively engage in survey efforts and self-report pest interceptions without the disastrous impact of quarantines.
- Developing a federal rapid response team to support federal and state agencies in the planning and implementation against the introduction of invasive species.

Section 6: Energy



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America’s farmers are the most productive in the world – providing food, fiber and feed. Nevertheless, our nation’s farmers also have the ability and ingenuity to fuel the nation, whether it’s providing the feedstocks to produce biofuels or harnessing the region’s wind through erecting turbines on their land. The promotion and development of energy, while also protecting our natural resources, should continue to be a priority

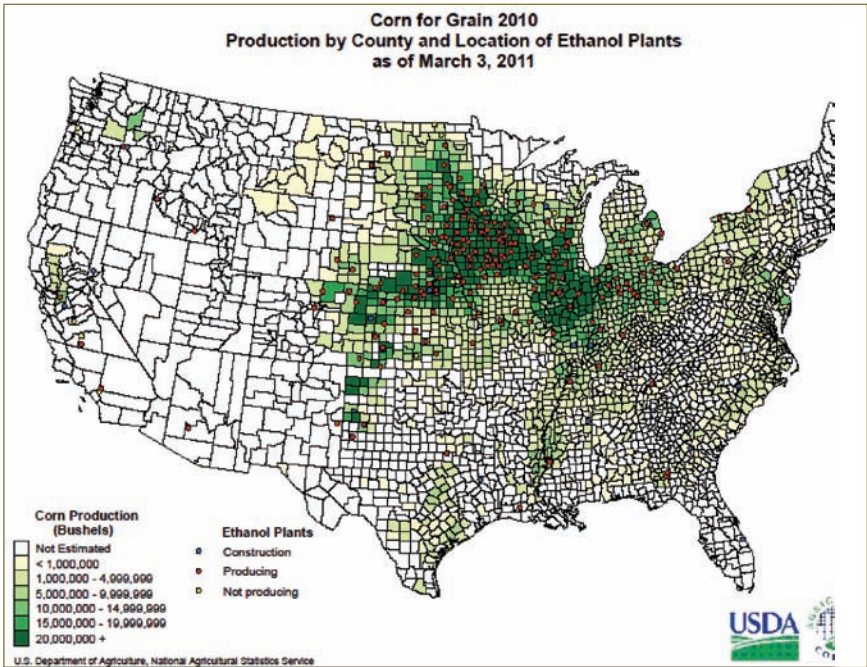


Figure 6.1

embedded in federal farm policy. Aggressive and proactive policies that diminish U.S. reliance on overseas oil will further help to strengthen the nation's economy through domestic sources of energy.

The Midwest supports:

- Continuing the Biomass Crop Assistance Program and maintaining funding for the harvest, transportation and storage of biomass, while expanding the program to include uses for other biomass conversion projects. Adequate sustainability language, especially related to corn stover and other annual crops should be ensured. Additionally, the region supports seeking out ways to equalize funding levels between projects and payment portions, administering competitive scoring systems and establishing maximum contract length terms for annual payments. Annual payment caps should be set and better define eligible feedstocks.
- Reauthorizing the Rural Energy for American Program (REAP) and continuing eligibility for blender pump installations. REAP should be adjusted to immediately authorize a project upon submission of a positive feasibility study report, removing the current waiting period for implementation. States should be provided with input into determining the needs and project viability at the state level, as well as setting aside a percentage of project funds for state-level priority projects, industries and investments.
- Giving priority for anaerobic digester REAP projects operated by a qualified operator.
- Continuing the use of Environmental Quality Incentive Program (EQIP) and Conservation Stewardship.
- Continuing the Biomass Research and Development Initiative (BRDI) and in an effort to increase transparency allow information on program applicants to be made public, which will give states the ability to provide guidance to future applicants. Flexibility for BRDI program eligibility should be provided for viable researchers.
- Reauthorizing the Advanced Biofuels Payment Program, the Repowering Assistance Program, Bioenergy Program for Advanced Fuels and the Biorefinery Assistance Program.

- Developing the national biofuels infrastructure, taking into consideration recommendations made by the study on biofuels infrastructure. Assistance should be provided for the installation of ethanol blender pumps in new construction and retrofit applications, as well as additional financial incentives for research into promising technology for cellulosic energy opportunities.
- Improving nationally and internationally accepted standards for the production and use of renewable fuels such as ethanol and biodiesel.
- Managing biomass harvest on lands enrolled in conservation programs, such as the Conservation Reserve Program, to ensure the programs' intended conservation benefits are maintained. Further, supporting the proper management of biomass removal from lands under active agricultural production to ensure proper residue and nutrient management and wildlife benefits.
- Avoiding the spread of invasive species due to the production of biofuels. Risk assessments should be conducted on each candidate biofuel species or cultivar.
- Continuing the use of the renewable biomass definition in the 2008 Farm Bill.
- Continuing targeted support for wood-to-energy, including a scientific study on environmental tradeoffs associated with harvesting woody biomass versus leaving it lay/stand. The region also supports extending the provisions of the matching funds grants to develop community wood-to-energy plans, and also, support the demonstration and deployment of cost-effective harvesting methods and equipment for small diameter woody biomass.
- Program funding for on-farm energy audits. Payment caps of biomass projects under EQIP should be increased and provided priority scoring to systems operated by a certified operator. The use of Conservation Innovation Grants for biomass research projects and research specific to anaerobic digesters should be allowed.
- Establishing a specific funding source to promote waste to energy projects.
- Extending the competitive research and development program.

Section 7: Conservation



Ohio Department of Development

Providing voluntary conservation funding options to producers throughout the Midwest will improve water quality, reduce soil erosion and provide critical wildlife habitat while creating recreational opportunities and decreasing the impacts of flooding.

The Midwest supports the current suite of conservation programs; however, they should be simplified for increased understanding by

producers and reduce technical assistance demands. Programs that provide financial assistance and easements programs, or short-term contracts to retire environmentally sensitive lands from production agriculture, should be consolidated.

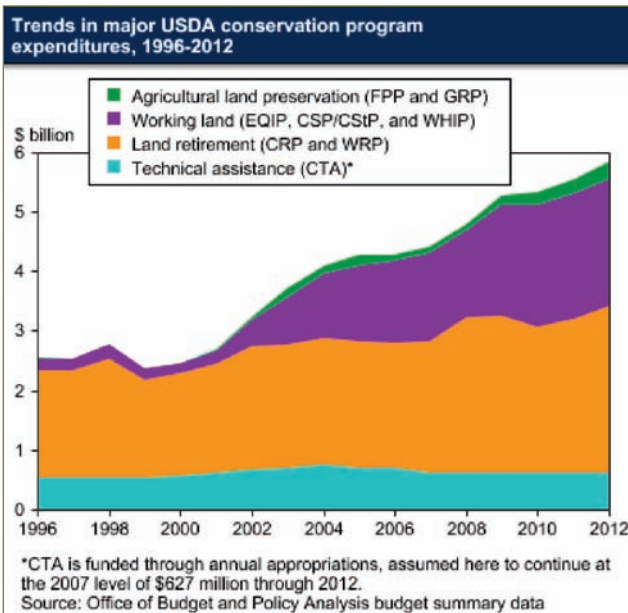


Figure 7.1

The Midwest supports:

- Continuing funding for the conservation title at the previous farm bill levels and simplifying the application process.
- Encouraging Congress and the USDA to promote agreements and provide block grants to address specific state conservation needs, leveraging both state and federal money.
- Establishing conservation program priorities at the state level and enabling the USDA to fully cooperate and coordinate with state agencies in delivering conservation programs, especially making state-level program policies and implementation decisions. State Wildlife and Forestry Actions plans should be incorporated into all conservation program rankings and the viability of the State Technical Committee process should be ensured in every state.
- Allowing greater flexibility for technical assistance funding for conservation programs, including decoupling from program payments to provide adequate resources for necessary conservation actions. More flexibility for states to move toward a performance-driven approach that recognizes and leverages state-specific conservation priorities, programs and partnerships should be provided.
- Funding should be allocated to implement standards for edge-of-field monitoring procedures to measure the effectiveness of practices funded by conservation programs. This will make it possible to evaluate the contribution of programs to achieve conservation goals, which will help focus and refine programs in the future.
- Maintaining funding for the National Agriculture Statistics Service to collect and publish additional aggregated data concerning on-farm environmental and conservation practices. Also, funding for the USDA-Agricultural Air Quality Task Force should be maintained.
- Strengthening financial incentives for working farm landscapes that provide clean water, wildlife conservation, forest products, etc.
- Reauthorizing and refining targeted land retirement programs such as Conservation Reserve Program and the Grassland and Wetlands Reserve programs. The region also supports using the latest

technologies (in states where it is available) to better target lands that provide high-priority benefits, such as improved water quality and restored wetlands.

- Supporting efforts to develop a state-by-state list of invasive grass, seed, tree and shrub varieties that should not be planted as part of any conservation plan.
- Reauthorizing and strengthening Conservation Compliance provisions (Swampbuster, Sodbuster, Sodsaver, Highly Erodible Lands, etc.). Conservation Compliance makes USDA commodity/conservation program benefit eligibility contingent on complying with certain baseline environmental standards dealing with conversion of environmentally sensitive lands. Enforcement of Conservation Compliance is more cost-effective than after the fact environmental cleanup.
- Continuing regional initiatives within the farm bill, such as the Great Lakes Restoration Initiative and the Mississippi River Basin Initiative, as well as watershed implementation projects in each state to control nutrient runoff. A Mississippi River Watershed should be established as a Conservation Reserve Program national priority area.

Easement Programs

The Midwest further supports:

- Giving the USDA the authority to transfer easements to state agencies.
- Reauthorizing and amending the following easement programs:
 - o Wetlands Reserve Program (WRP), which develops a budget baseline (in either dollars or acres) with land values used in determining easement payments reflecting fair market value. Revert to the 2002 Farm Bill WRP eligibility requirement that the land need only be owned one year prior to enrollment. Grazing of the uplands on a restored site should be considered a compatible use, with grazing a part of a prescribed plan that must meet intended wildlife goals.

- o Wetland Reserve Enhancement Program and the program should be offered as a continuous sign-up.
- o Farm and Ranch Land Protection Program, which should delegate authority to state programs, where they exist. Land eligibility should be made contingent on meeting farm and ranch conservation plan requirements, with rangeland subject to the same eligibility criteria as cropland.
- o Grassland Reserve Program, which focuses on declining native grasslands in the areas of high grassland conversions and importance to threatened and endangered species. The per acre cost of easements, acres of grazing land, threats of grassland conversion and the biodiversity of plants and animals should be factored into state allocations, with relatively more funding provided to states where conservation of large grassland acres can be secured in a cost-effective manner.

Technical and Financial Assistance Programs

The Midwest further supports:

- Reauthorizing the Conservation Reserve Program (CRP) with continued enrollment capped at 32 million acres, with two million acres of this cap dedicated for biomass use. State caps on acreage should be eliminated where feasible, and an emphasis on continuous sign-up targeted to high benefit acreage should be encouraged. Mechanisms for CRP to compete with high rental rates for commodities should be established. Additional adjustments to the CRP include:
 - o Maintaining financial and technical assistance for CRP mid-contract management and continue to provide incentives for ecologically appropriate cover types in CRP and other programs that fund vegetative conservation practices.
 - o Continuing eligibility for crop history time bracket; consideration of crop rotations of eight to 10 years should be granted in the evaluation of cropping history. Keep data certain clause.

- o Pilot CRP-to-grazing program to encourage grazing on sensitive land, while maintaining the benefits of CRP, reducing program costs and adding economic activity in rural communities.
- Reauthorizing the Environmental Quality Incentive Program (EQIP) and maintaining the emphasis on livestock-related conservation practices, but elevating wildlife habitat practices within the scoring parameters to ensure its mandatory co-equal status. Programs should support national and state priorities. The region also supports maintaining conservation practices associated with organic agriculture and further maintaining the suite of forestry practices, with National Resources Conservation Service (NRCS) creating a funding mechanism for conservation district foresters to complete the work. The current payment limitation should be maintained and continue NRCS state conservation's ability to readily waive this limit for selected special projects, as well as retaining flexibility within EQIP to address specific state resource needs, including directing funds to priority watersheds and other local issues.
- Allowing and establishing a multi-state conservation drainage pilot project. This includes providing funds to implement conservation drainage practices, developing a mechanism to measure effectiveness and granting funds to states to conduct, maintain and establish the project.
- Examining the conservation benefits derived from the Conservation Stewardship Program (CSP) compared to program costs and refining its Conservation Management Tool to better account for, and incorporate, wildlife habitat benefits. Also, state wildlife action plans should be incorporated in the CSP ranking tool and the 15 percent technical assistance cap should be eliminated. Producers who want to enroll both agricultural and forest land should be allowed to use a single application for both.
- Reauthorizing and establishing baseline funding for the Wildlife Habitat Incentives Program (WHIP), as well as refining eligibility to include lands that have the potential for agricultural production and not just lands with a cropping history. State conservation agencies should be provided the flexibility to exceed the \$50,000 annual payment limit for projects that target state priorities. Furthermore, in-

stream aquatic habitat restoration should be made a national WHIP priority and states should be allowed to address priority habitats, sediments and nutrients and at-risk species. The requirement that eligible lands have a cropping history should be refined so eligibility includes lands that have the potential of being in agricultural production.

- Maintaining funding for the Voluntary Public Access and Habitat Incentive Program, with program priority focus on hunting and fishing access, as well as restricting the programs to state agencies, tribes and agencies with statutory responsibilities for hunting.
- Continuing public access option for acres enrolled in Conservation Reserve Enhancement Program to allow landowner incentives for hunting, fishing, bird watching and other recreational amenities that do not conflict with the conservation goals of the programs.

Section 8: Rural Development and Trade



Missouri Division of Tourism

Rural communities are the backbone of the nation. With quality education systems, low crime rates, close-knit communities and numerous outdoor recreational activities, Midwestern states and their rural communities continue to be excellent places to live, work and raise a family. Even with this high quality of life, rural communities have challenges building and maintaining economic activity. Once thriving

rural communities are now seeing significant declines in economic opportunities and population. Rural areas are facing unique challenges that require innovative solutions.

Agriculture also faces unique opportunities in the nation's trade balance. In 2010, the U.S. exported \$115.8 billion in agriculture exports, a \$32.5 billion trade surplus, producing an additional \$154.9 billion in economic activity for a total economic output of \$270.7 billion, according to USDA's

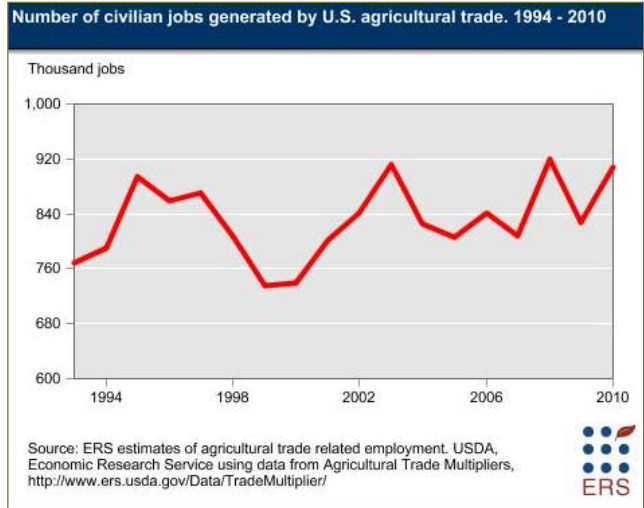


Figure 8.1

Economic Research Service (ERS). ERS estimated for 2010 that for every dollar of U.S. agricultural exports, an additional \$1.34 in business activity was stimulated. ERS' research further showed that the agriculture sector supported 907,000 full-time civilian jobs, of which only 298,000 were in the farm sector – resulting in 7,800 American jobs for every \$1 billion in U.S. agriculture exports.

The Midwest supports:

- Allowing greater flexibility to address rural water and wastewater projects by increasing the current individual funding cap of \$5 million, not limiting funding to communities only, and allowing communities to collaborate with industry in rural areas in order to develop community-wide plans/systems for wastewater treatment or drinking water systems. The region further supports projects addressing water and wastewater infrastructure needs in rural areas.

- Promoting value-added enterprises by providing the Farm Credit System the authority to finance value-added enterprises whether they are on- or off-farm investments. Additionally, the region supports waiving the Business and Industry Guaranteed Loan Program's population limits when the applicant can demonstrate a direct value-added service to American agriculture and extending the provisions of the Rural Business Opportunity Grants.
- Offering USDA loan guarantees on commercially viable rural projects in the early stages of project development.
- Providing resources for the development and promotion of value-added export opportunities, adequately funding for the Foreign Market Development Program and the Market Access program. A solution to prevent foreign competitors from using free trade agreement loopholes should be established to avoid program tariffs and/or taxes.
- Adequately funding APHIS in order to reduce fees charged to exporters and implementing an electronic export documentation system.



Section 9: Credit

During these challenging economic times, lending institutions have increased their scrutiny of extending lines of credit. Young and beginner farmers face increased barriers due to the prohibitive costs of starting a farming operation. With the average age of the principle farm operator

Characteristics of Principal Farm Operator:

- Average Age: 57.1 Years
- Percentage with farming as primary occupation: 45.1
- Men: 1,898,583 (84%)
- Women: 306,209 (16%)
- 62 percent of farmland in the U.S. is owned by the operator

* Source: U.S. Dept. of Agriculture's 2007 Census of Agriculture

Figure 9.1

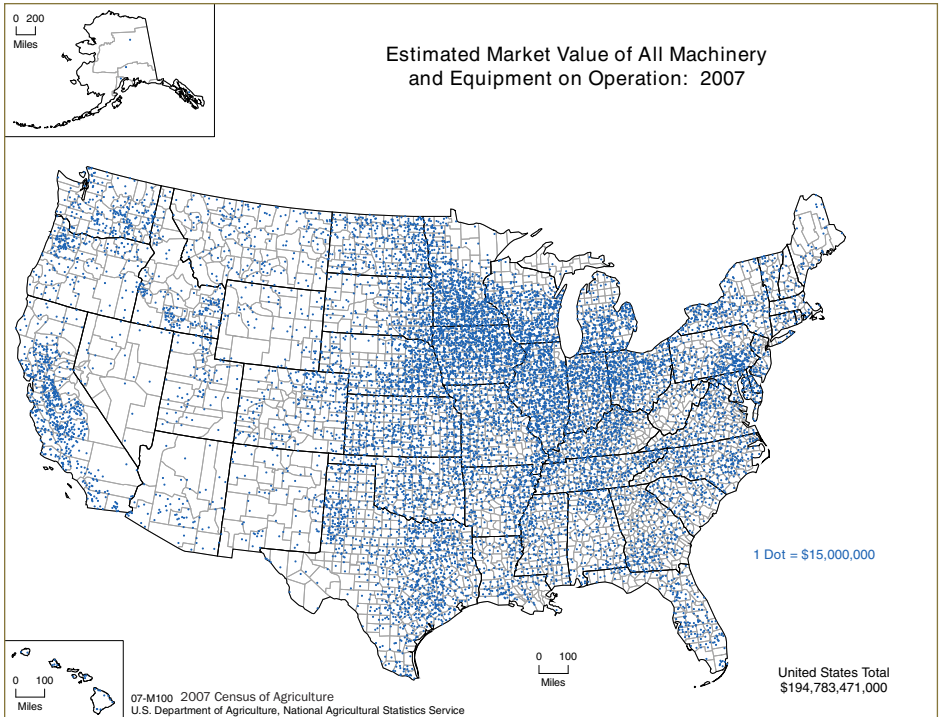


Figure 9.2

over 57 years old and steadily increasing, it is vital to support the next generation of farmers to maintain the country's competitive edge in agricultural production. Access to credit will be the fuel that drives the industry's future and will continue to determine its viability.

The Midwest supports:

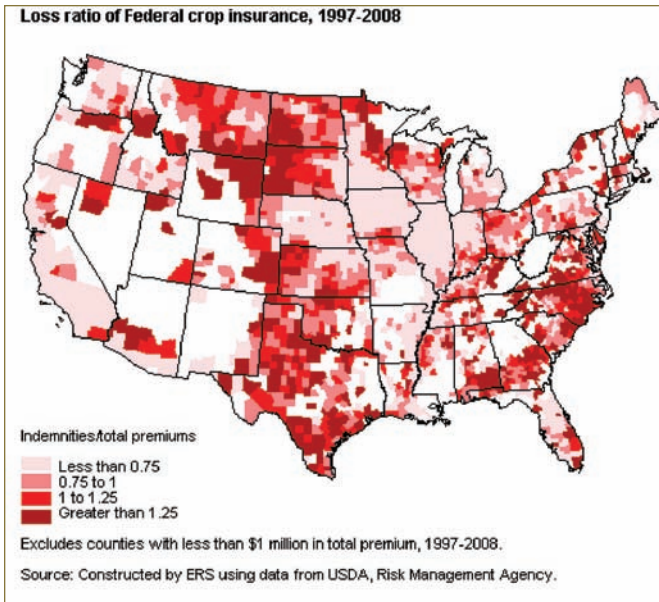
- Directing USDA to allow state Farm Service Agency (FSA) Directors the authority to reassign staff from commodity program work to loan servicing work during times of greatly increased loan demand. Also, the FSA directors should be provided with the ability to use greater discretion to hire experienced, retired, or commercial agriculture lenders on a long-term basis to bolster staffing during times of great need.
- Allowing the FSA to guarantee Aggie Bonds. In addition, the region supports increasing and indexing the Aggie Bond limit on depreciable property as defined in the Internal Revenue Code to the same amount as new property. The graduation of an FSA borrower to commercial credit should not be determined through arbitrary term limits.
- Providing additional incentives for beginning and first-time farmers, as well as making the New Farmer Individual Development Account Pilot Program permanent and nationwide. Further, the beginning farmer or rancher program should be amended by:
 - o changing the farm ownership and Internal Revenue Service’s definition of beginning farmer or rancher to “does not own a farm greater than 30 percent of the average size farm in the country”;
 - o altering the down payment program to allow loan amortization to be flexible and coincide with bank loan amortization; and
 - o having the Census of Agriculture count farms of all sizes, but when calculating median size eligibility criteria for the beginning farm or rancher program, eliminate farms with annual gross sales under \$10,000.
- Maintaining adequate loan funding and the current practice of re-pooling loan funds throughout the fiscal year to deploy funding where it is most needed.
- Financing grants for state departments of agriculture to provide assistance and guidance in the transition of farms and ranches to the next generation of owners.

- Providing greater flexibility for farmer-owned cooperatives to establish and maintain eligibility for co-financing from banks, as long as producers hold a minimum of 50 percent voting control.

Section 10: Crop Insurance and Commodity Futures



Ohio Department of Development



There are inherent and unique risks that are beyond the control of producers in the agricultural industry. Changing weather patterns, rising input costs and uncertainties surrounding commodity support programs increases the need for effective risk management. Not

Figure 10.1

only do droughts and floods ruin crops, farmland and equipment, they impact harvesting times and the transportation of crops to market.

The unpredictability of disaster damage requires that a stable and functional response exists. Without this, an ad hoc response to disasters and inequities will follow.

The Midwest supports:

- Continuing the current disaster declaration process and having a strong national program to ensure that U.S. farms can survive weather disasters. The program(s) should include low-interest loans and seek out ways to deter risky behavior.
- Reauthorizing and simplifying the Supplemental Revenue Assistance Payments Program (SURE) to encourage greater producer participation. The region also supports reauthorizing the Federal Crop Insurance Program and the Noninsured Crop Disaster Assistance Program (NAP). Emergency assistance programs for livestock, honey bees, farm-raised fish, damage to structures and the tree assistance program provide additional support and should also be continued.
- Reforming and broadening risk management programs, such as the Pasture, Rangeland & Forage Program, in lieu of relying on ad-hoc disaster payments or creating a permanent disaster title in the next farm bill. SURE indemnities should be increased to move agriculture away from ad hoc disaster programs and make management tools more farmer-friendly.
- Coordinating the USDA with the Small Business Administration (SBA) on recovery issues to ensure that food and agriculture sector businesses are covered during disasters. The USDA should further coordinate with SBA on a comprehensive approach to disaster response in rural areas to involve the necessary related components of agricultural production, including business-selling inputs, food processors, farm markets and farm labor housing.
- Developing a comprehensive and collaborative approach for the USDA and the Federal Emergency Management Agency to

identifying and working with states, tribes, local governments and the agricultural private sector to reduce hazards, particularly in regards to flooding.

- Assuring that crop insurance covers losses from terrorist activity that results in a catastrophic animal or plant pest or disease becoming established in the U.S.
- Funding fully states' administrative costs for disaster and assistance programs. State-level programs that prepare states for agricultural disasters should also be funded, including funds for indemnity and business continuation program components.
- Reevaluating premiums in relation to insurance guarantee levels and commodity price variances.
- Reauthorizing the Commodity Futures Trading Commission (CFTC) and enhancing its regulatory and enforcement tools to continue oversight of the futures industry. The Commodity Exchange Act should be amended to:
 - o require reporting and recordkeeping of every person registered with CFTC regarding transactions and positions of such person in any significant price-discovery contract traded or executed on electronic trading facility; and
 - o make any person buying or selling commodities in significant price-discovery contract on electronic trading facility subject to trading limits set by CFTC.
- Increasing transparency requirements in the futures market so that the markets can fulfill primary functions of price discovery and risk management.

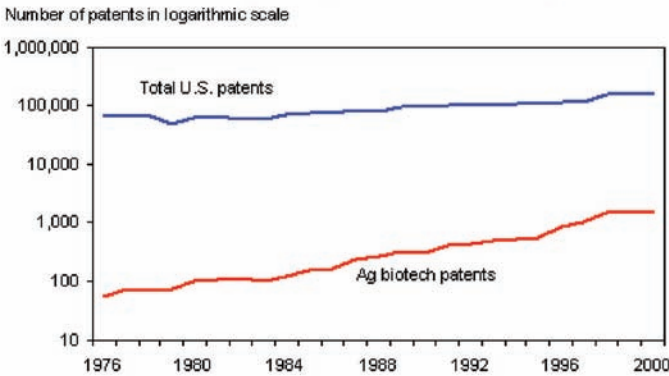
Section 11: Research



Midwestern farmers are innovative, resourceful and resilient. It is no coincidence that the region is nicknamed the breadbasket of the world. Agriculture-related research has been a significant factor in this success with advancements in plant genetics, mechanization, animal health and less intensive farming techniques. Consumers worldwide have benefited from these accomplishments. Even with these successes, research

continues to play a significant role in agricultural advancements.

The upward trend in ag biotech patents has outpaced the overall upward trend in patenting throughout the U.S. economy



Source: Based on data compiled from the records of the U.S. Patent Office

Figure 11.1

The Midwest supports:

- Encouraging and maintaining funding for research, extension and education programs on:
 - o bioenergy production to improve water quality;
 - o livestock waste management;
 - o nutrient management on croplands;
 - o treatment and eradication of diseases and pests in livestock and plants;
 - o specialty crops such as fruits, vegetables and nursery products; and
 - o conservation practice performance.
- Competitive grant programs like the Initiative for Future Agriculture and Food Systems and USDA's Organic Research and Extension Initiative. Funding for the Sustainable Agriculture Research and Education Program, organic production and market data collection and tracking should be continued.
- Continuing the National Agriculture Statistics Service and state agricultural surveys with expansion of questions related to organic and transitional production, acreage, producer characteristics and organic price data for commodity crops, specialty crops and retail sales.
- Expanding the portfolio of USDA's Research, Education and Economics mission area to include minority serving institutions that have the capability in food and agricultural programs to address future workforce needs for both the public and private sectors of the agricultural industry.
- Supporting the efforts to educate consumers about agriculture's role in the production of safe, affordable, wholesome food, fiber and fuel.

Section 12: Food Safety, Security and Nutrition



Missouri Division of Tourism

The United States continues to enjoy one of the safest, most nutritious and abundant food supplies in the world, thanks to the combined efforts of food regulatory agencies, researchers and the food industry. However, the food supply is only as strong as its weakest link. The vulnerability of the nation’s food supply underscores the need to have a coherent strategy to respond quickly and effectively to address accidental or intentional food-related emergencies. State agencies are often the first-responders and with federal partnerships, they can be the most effective.

The Midwest supports:

- Establishing ongoing mechanisms for collaboration between federal, state and local agencies to identify goals, roles and responsibilities related to nutrition and food safety. Adequate funds should be provided to support state and local regulatory agencies in enforcing the Food, Drug and Cosmetic Act; the Meat Products Inspection Act; the Poultry Products Inspection

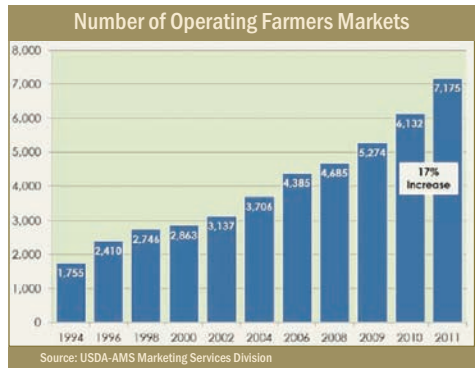


Figure 12.1

Act; the Environmental Protection Act; and any other federal laws that are enforced by state agencies.

- Continuing child nutrition programs such as the National School Lunch Program, School Breakfast Program, Special Milk Program, Community Food Projects, Afterschool Snack Program, School Nutrition Education Program, and the Fresh Fruit and Vegetable Program. Food assistance programs should be reauthorized and funded, including Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Farmers' Market Nutrition Program, and Senior Farmers' Market Nutrition Program.
- Implementing SNAP-Plus by increasing allocations to SNAP and requiring that beneficiaries of SNAP funding spend the new allocation on specific commodities.
- Providing information technology support to USDA's Agricultural Marketing Service for the Food and Agriculture Import Regulations and Standards program such that the program could be provided to states operating under cooperative agreements with USDA for fruit and vegetable inspections.
- Developing a single funding mechanism and baseline financial support for regional organizations, such as the Multi-State Partnership for Security in Agriculture, that support proven and successful consortiums in the areas of response plans, education, awareness and trained responders to leverage capabilities on a regional basis.
- Maintaining training programs to build local capacity in agricultural biosecurity planning, preparedness and response.
- Emphasizing cyber security as a concern for agricultural operations – as cyber intrusions can stop production at dairies, food processors and other time-sensitive food and agriculture facilities.
- Improving intergovernmental and interstate cooperation in planning and preparedness efforts, including using multi-state organizations in responding to emergencies.

- o Strengthen collaboration between USDA, DHS and the U.S. Department of Health and Human Services (HHS), including requiring these agencies to report on how they will cooperate on both federal and state levels in planning and preparedness efforts, particularly with respect to agro-security.
 - o Provide the tools and resources necessary to state and local governments and the private sector to be prepared with response measures in the event of a catastrophic disaster in agriculture infrastructure.
 - o Work with states to identify critical supply chain nodes and facilities and create plans to address the areas that do not place undue burden to the sector.
- Extending the Emergency Food Assistance Program and Healthy Urban Food Enterprise Development Center.
 - Incorporating a food gleaning and recovery option into existing programs, not sacrificing delivery, to capture the millions of pounds of food that go to waste each year, and redirecting it to the poor and needy. The ability for participants to purchase local agricultural food products should be incorporated and local foods incentives for school lunch and other domestic food aid programs should be continued. The region also supports providing matching funding to state venison donation programs, including all wildlife-based food pantry programs.
 - Continuing the Good Agriculture Practices (GAP)/Good Handling Practices (GHP) programs. Funding should be provided to promote and facilitate third party producer and processor audits for GAP/GHP, as well as funding to state agencies for training of fruit and vegetable inspectors. Dedicated funding to support a GAP audit cost share program should be established for small farm operations, which are disproportionately impacted by the high cost of the audit. Funding for subscriptions to “Ag Learn” should also be provided for all licensed GAP/GHP auditors to facilitate completion of their 80 hours/3 years continuing education requirement.



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