

# The Farm, Ranch, Equity, Stewardship and Health Act of 2007

## Bill Summary

The Farm, Ranch, Equity, Stewardship and Health Act of 2007 creates reforms to commodity programs and crop insurance that will serve more farmers more fairly and be responsive to regional and national crises that endanger the continuing success of America's farmers. Over five years, these reforms create almost \$20 billion in additional savings that are available to invest in other farm and food priorities and \$3 billion of deficit reduction.

## Title I -- Commodity Programs

### Subtitle A—Federal Crop Insurance Program

#### **Sec. 1001. Controlling crop insurance program costs.**

This section would reduce administrative reimbursements provided to crop insurance agents to 15% of premiums and reduce underwriting gains taken by crop insurance companies to fairly share the risks and costs of the crop insurance program.

#### **Sec. 1002. Supplemental insurance.**

This section permits farmers to purchase partially subsidized supplemental coverage to insure up to 100 percent of their gross revenue. This section would allow farmers to purchase supplemental insurance coverage to insure shallow losses that are not covered by other revenue and crop insurance products.

#### **Sec. 1003. Revenue-based safety net.**

Under this section, all commodity crop producers would be guaranteed 85% of the average revenue per acre for the county in which their farm is located. If the average revenue per acre in a county for the selected crop falls below 85% of the five-year average, the farmer would be paid the difference between the actual revenue per acre for the crop year and the average revenue per acre. This insurance policy would be provided at no cost to farmers and would replace most traditional counter-cyclical and marketing loan programs.

#### **Sec. 1004. Expand whole farm revenue insurance tools.**

**Beginning in 2010**, this section would expand whole farm revenue insurance tools that will help most non-commodity producers by providing a fully-subsidized whole farm insurance option to all farmers, and by expanding and reforming the Adjusted Gross Revenue (AGR) Insurance program to cover all states. In particular, farmers who choose whole farm revenue insurance for their farm would be guaranteed 80% of their average gross revenue. Farmers could also choose to purchase AGR, which would be reformed to guarantee 80% of adjusted gross revenue.

#### **Sec. 1005. Expand crop insurance education assistance.**

**This section expands funding for land grant colleges, universities and cooperative extension to educate producers about new and expanded crop insurance tools.**

**Sec. 1006. Agricultural Management Assistance Program.**

This section expands AMA funding to \$20 million annually to provide cost-share to producers in states that have traditionally been poorly served by existing crop insurance tools.

## **Subtitle B—Risk Management Accounts**

**Sec. 1101. Definitions.**

This section defines the terms used in creating Risk Management Accounts.

**Sec. 1102. Risk Management Account Contracts.**

This section creates Risk Management Accounts that would be available to every farmer and rancher and would work with crop and revenue insurance already held by approximately 80 percent of producers. Producers could withdraw from their available balance in years when their gross revenue falls below 95 percent of rolling 5-year average gross revenue, to invest in a rural enterprise, to maintain solvency, or purchase insurance. Creation of accounts is voluntary for more than 90 percent of producers, but those farmers receiving more than \$10,000 in direct payments would be required to deposit amounts above \$10,000 in a Risk Management Account.

**Sec. 1103. Transfer Options for Risk Management Accounts.**

This section describes how producers can transfer Risk Management Accounts to another farm held by the producer, to a new owner, or into an IRA.

**Sec. 1104. Administration.**

This section identifies the agencies within the Department of Agriculture that will administer Risk Management Accounts, processes for monitoring compliance and other details.

**Sec. 1105. Counter Cyclical, Loan and Direct Payment Programs.**

An expanded crop insurance safety net eliminates the need for loan deficiency and marketing loan programs and the current price-based counter-cyclical program which is ineffective in responding to regional droughts and disasters and in responding to many poor revenue scenarios that threaten producer livelihoods. Accordingly, this section repeals the non-recourse Marketing Loan Program, extends the existing Counter-Cyclical Program for one year, reauthorizes the sugar program and creates a new recourse loan program to help farmers cover planting and other costs. This section would also lower direct payments to 25 percent of past payments in 2008 through 2011, 20 percent of past payments in 2012 and 2013, and eliminate direct payments in 2014. Direct Payments are not a “safety net” and are paid regardless of harvest or market conditions. Large payments go to a subset of the largest producers even in times of record profit.

## **Title II -- Conservation Programs**

### **Subtitle A—Conservation Reserve**

**Sec. 2001. Protect and Reform the Conservation Reserve Program.**

This section creates a non-binding goal of enrolling 7 million acres of CRP in Conservation Reserve Enhancement Program and continuous sign-ups.

### **Subtitle B—Wetlands Reserve**

**Sec. 2101. Expand the Wetlands Reserve Program.**

This section expands the Wetlands Reserve Program, which rewards producers who restore lost wetlands, from 2.275 million acres to 3.605 million acres and encourages more effective management of restored wetlands.

### **Subtitle C—Conservation Security Program**

**Sec. 2201. Increase funding for the Conservation Security Program**

This section extends the authorization for CSP to 2012 and provides an additional \$80 million a year for the Conservation Security Program, an innovative program that rewards farmers and ranchers for stewardship of working agricultural lands.

### **Subtitle D—Environmental Quality Incentives**

**Sec. 2301. Expand and Reform the Environmental Quality Incentives Program.**

This section increases annual funding for the Environmental Quality Incentives Program, which shares the cost of practices to enhance air, water, and wildlife to \$2 billion.

### **Subtitle E—Grasslands Reserve**

**Sec. 2401. Expand and Reform the Grassland Reserve Program.**

This section increases from 2 million to 3.34 million the number of acres of land that can be enrolled in the Grassland Reserve Program, which protects grasslands from development and provides funds to restore rangeland health.

### **Subtitle F—Cooperative Conservation**

**Sec. 2501. Encourage Cooperative Conservation.**

This section reserves 20 percent of all working lands incentives for the Secretary and for State Conservationists to provide multi-year grants to groups of farmers, ranchers and other stakeholders addressing local and regional environmental priorities. This section requires that proposals from states, counties, cooperatives, conservation districts or non-governmental organizations to the Secretary or the State Conservationist leverage other local, state, federal or

private dollars; demonstrate local support; include clear environmental objectives; and provide needed technical assistance and performance measures.

**Sec. 2502. Provide Regional Equity.**

This section raises the floor for state allocations by USDA of working lands conservation spending to \$18 million a year.

### **Subtitle G—Other Conservation Programs**

**Sec. 2601. Pilot Program for Comprehensive Conservation Planning.**

This section provides \$10 million in annual discretionary funding to establish a pilot program to provide comprehensive conservation planning assistance to producers in the Chesapeake Bay watershed, the Great Lakes basin, the Connecticut River watershed, and the Highlands region.

**Sec. 2602. Chesapeake Bay Program for Nutrient Reduction and Sediment Control.**

This section creates a new program to fund nutrition and sediment control work within the six state region around the Chesapeake Bay, funded at \$250 million over 5 years.

### **Subtitle H—Funding and Administration**

**Sec. 2701. Funding and Administration.**

This section increases from \$85 million to \$150 million annual funding for the Wildlife Habitat Incentives Program, which shares the cost of wildlife habitat restoration of farm, ranch and forest lands. This section also provides \$956 million over 7 years in additional funding Farm and Ranchland Protection Program easements to protect threatened farmland.

**Sec. 2702. Simplified Application for Conservation Assistance**

This section directs the Secretary of Agriculture to create a simplified form for initial requests by producers for assistance and directs the Secretary to evaluate how all conservation application materials can be streamlined to make it easier for producers to apply to one or more programs.

**Sec. 2703. AGI for Conservation Programs.**

This section allows any producer, regardless of income, to participate in conservation programs that provide public benefits and environmental improvements.

## **Title III – Specialty Crops**

### **Subtitle A—Marketing**

**Sec. 3001. Expand Specialty Crop Block Grants.**

Expands the State Block Grants for Specialty Crops program authorized in the Specialty Crop Competitiveness Act of 2004. These grants address the urgent need to increase the consumption of specialty crops in the United States with mandatory funding of \$100 million annually.

**Sec. 3002. Fruit and Vegetable Nutrition Promotion Program.**

This section establishes a \$15 million dollar annual matching grant program to promote increased consumption of fruits and vegetables to meet USDA dietary guidelines.

**Sec. 3003. Farmers Market Promotion.**

This section expands to \$20 million annual funding for the development of farmers' markets and other direct markets that link farmers with consumers, with \$5 million of that to support the use of EBT at farmers' markets.

**Sec. 3004. Organic Certification and Transition.**

This section provides \$10 million in mandatory annual funding to provide \$750 to a farmer or handler as reimbursement for the cost of organic certification and provide up to \$10,000 per year for four years to producers making the transition from conventional to organic food production.

### **Subtitle B—Trade**

**Sec. 3101. Technical Assistance for Specialty Crops.**

This section provides \$58 million over 7 years for technical assistance to specialty crop farmers.

### **Subtitle C—Nutrition**

**Sec. 3201. Fruit and Vegetable Snack Program.**

The Fresh Fruit and Vegetable Program provides free fresh fruits and vegetables to children in elementary and secondary schools. The program currently operates in 14 states. This section would increase program to **\$300 million annually** to increase the number of participating schools and allow all 50 states to participate in the program.

**Sec. 3202. Farm-to-Cafeteria.**

This section increases annual funding to \$20 million to link schools with local farmers and ranchers.

**Sec. 3203. WIC Farmers' Market Nutrition Program (FMNP).**

FMNP improves the nutrition of low income mothers and children by providing WIC participants with coupons for the purchase of fresh, unprepared fruits, vegetables and herbs from farmers, farmers' markets or approved roadside stands. Makes funding mandatory and increases funding to a total of \$380 million over 7 years.

**Sec. 3204. Senior Farmers' Market Nutrition Program (SFMNP).**

This section expands program that improves the nutrition of low-income seniors by providing coupons for the purchase of fresh, locally grown fruits and vegetables. Makes funding mandatory and increases funding to a total of \$380 million over 7 years.

**Sec. 3205. Dietary Guidelines in School Lunch Programs.**

This section encourages schools to offer school lunches that are based upon USDA's dietary guidelines.

**Sec. 3206. Food Stamp Fruit and Vegetable EBT Pilot Program.**

This section authorizes \$10 million in annual funding to establish a pilot project providing financial incentives to food stamp households for the purchase of fresh fruits and vegetables.

**Sec. 3207. Local preference in school lunch program.**

This section creates the authority for local schools and school districts and military bases to create a geographic preference in food purchases that allows them to purchase more local farm and ranch products.

**Sec. 3208. Community Food Projects.**

This section increases mandatory funding to \$30 million annually for grants to help develop community food projects in urban areas that have the poorest access to healthy, fresh fruits and vegetables, with \$210 million in mandatory funding over 7 years.

**Sec. 3209. DoD Fresh Program.**

This section sets aside funds to be used to purchase fresh fruits and vegetables for schools and service institutions.

## **Subtitle D—Research**

**Sec. 3301. Specialty Crop Research Grants.**

Establishes a new competitive grant program with **up to \$100 million in annual funding by 2013** for organizations, agencies, agricultural commissions, extension offices and others to improve the efficiency and competitiveness of specialty crop producers in the world marketplace by funding research, mechanization, marketing, product development, food safety and food security related to the specialty crop industry.

**Sec. 3302. Organic Research.**

This section provides \$15 million in annual mandatory funding for research directed at improving organic crops, varieties and production techniques.

**Sec. 3303. National Aquaculture Act of 1980.**

This section extends the authorization for the National Aquaculture Act to 2014.

## **Subtitle E—Invasive Pest Research and Disease Response**

**Sec. 3401. Threat Identification and Mitigation Program.**

This section directs the Secretary to enter into cooperative agreements with each of the State Department's of Agriculture to conduct early pest detection activities according to the Cooperative Agricultural Pest Survey program.

**Sec. 3402. Clean Plant Network.**

Establishes within CSREES the National Clean Plant Network, a federally funded network of clean planting stock programs for specialty crops.

**Sec. 3403. Office of Pest Management Policy.**

This section establishes an Office of Pest Management Policy within USDA.

**Sec. 3404. Food Safety Initiative.**

Authorizes the Secretary to carry out a food safety program to educate those involved in the fresh produce industry about proven methods to reducing pathogens on fresh produce.

**Subtitle F—Miscellaneous**

**Sec. 3501. Specialty Crops Transportation Grants.**

This section provides \$75 million in annual funding so that the Secretary of Agriculture can provide matching grants to expand and improve transportation infrastructure to improve the cost-effective movement of specialty crops to markets inside or outside the US and address deficiencies that adversely affect the movement of specialty crops to these markets.

**Sec. 3502. Census of Specialty Crops.**

Requires the Secretary to conduct a census of U.S. specialty crop production every five years similar to traditional commodities.

**Title IV – Trade**

**Sec. 4001. Expanding McGovern-Dole International Food Program.**

This section creates mandatory funding, growing to \$300 million annually by 2012, to support education, child development, maternal nutrition projects and food security for some of the world's poorest children, including donations of U.S. products for children.

**Title V – Nutrition**

**Subtitle A—Food Stamp Program**

**Sec. 5001. Combat Pay Exclusion.** This section would exclude combat-related military pay from food stamp income calculations for families of military personnel. This would ensure that low-income households with an adult deployed to a combat zone would not see their food stamp benefits go down because of an increase in household income resulting from combat pay.

**Sec. 5002. Ending Benefit Erosion.**

When applying for food stamp benefits, households may subtract a standard deduction from their income to reflect the cost of non-food essentials such as housing and transportation. This section would raise the standard deduction and index it to inflation each year thereafter since basic living expenses rise with inflation. This would stop the annual erosion of food stamp purchasing power.

**Sec. 5003. Supporting Working Families with Child Care Expenses.**

Access to child care is critical for low-income working families to finding and keeping employment. This section would eliminate the cap on the amount a household may deduct for child care expenses from countable financial resources. By more accurately reflecting the amount of money they have available to purchase food, this would allow households with child

care expenses to qualify for a larger monthly food stamp benefit.

**Sec. 5004. Adjusting Allowable Financial Resources for Inflation and Excluding Retirement and Education Savings.**

Subsection (a) would index to inflation the cap on allowable financial resources to stop further erosion in their value. Subsection (b) would exclude certain retirement and education savings accounts from countable financial resources when determining a household's eligibility for the Food Stamp Program so that working families that fall on hard times would not have to spend down all their savings before being able to access food assistance.

**Sec. 5005. Food Stamp Eligibility for Unemployed Adults.**

This section would change food stamp eligibility restrictions for qualifying unemployed adults without children from the current time-limit of 3 months out of every 36 month period to 6 months of eligibility out of every 24 month period

**Sec 5006. Expand The Emergency Food Assistance Program.**

The Emergency Food Assistance Program (TEFAP) provides commodities that are distributed by food banks and community food providers to individuals with short-term, emergency food needs. This section would extend the authorization for the program to 2012, and increase funding to \$250 million in 2008.

## **Subtitle B—Low Income Food Service Job Training**

**Sec. 5101. Increasing Food Service Industry Job Training for Low Income Adults.**

The Food Employment, Empowerment and Development Act would authorize a competitive grant program to link food rescue programs with job training programs for low income adults. FEED coordinates the dual objectives of promoting the safe recovery and redistribution of unused food to hungry people and providing job training and employment opportunities to unemployed, vulnerable individuals.

**Sec. 5104. Hunger Free Communities.** The Hunger-Free Communities Act would authorize \$50 million in annual spending for a two-part competitive grant program that provides resources to local groups working in collaboration to assess, plan, and coordinate community efforts to eliminate hunger. This section would also require the Secretary of Agriculture to conduct a study of matters relating to the problem of hunger and issue recommendations for reducing domestic hunger.

## **Subtitle C—Other Programs**

**Sec. 5201. Expansion of the Simplified Summer Food Program.** The Summer Food Service Program serves only a small percentage of the children who qualify for free or reduced-price meals during the regular school year. By streamlining the administrative process, the Simplified Summer Food Program has increased both program participation and the number of program sites. SSFP currently operates in 27 states. This section would expand SSFP nationwide.



**Sec. 5202. Joint Nutrition Monitoring and Related Activities.** Much of the dietary data that is essential for nutrition programs and nutritional guidelines is a result of research conducted by the Departments of Agriculture and Health and Human Services. This section affirms the importance of nutrition monitoring initiatives at the Departments of Agriculture and Health and Human Services, and encourages the departments to continue to invest in such research.

## **Title VI – Rural Development**

### **Sec. 6001. Rural Collaborative Investment Program.**

This section encourages collaborative strategies for addressing rural development by creating and funding Regional Collaborative Investment Boards that would be comprised of community and economic stakeholders in the public and private sector within the service area. Boards develop and implement a regional investment strategy to build community assets and economic growth.

## **Title VII – Forestry**

### **Subtitle A— Cooperative Forestry Assistance Act of 1978**

#### **Sec. 7001. Protect and Restore Community Forests.**

This section amends the Cooperative Forestry Assistance Act to fund \$70 million in protection and restoration of community forests over 7 years in every region of America.

### **Subtitle B— Healthy Forests Restoration Act of 2003**

#### **Sec. 7101. Expand the Healthy Forest Reserve Program.**

This section provides \$25 million in annual mandatory funding from the Commodity Credit Corporation for the Healthy Forests Reserve Program, which provides funds to protect and restore forest lands that benefit rare species and sequester carbon, and allows the use of permanent easements.

## **Title VIII – Energy**

### **Sec. 8001. Bio-Based Products.**

This section extends the current product procurement process that requires federal agencies to purchase bio-based products so long as they are of equal performance, price and availability as conventional products.

### **Sec. 8002. Bio-Refinery Development Grants.**

This section provides \$475 million over 7 years for grants, loans and loan guarantees to farmer-owned cooperatives and businesses developing fuels and energy on farms, ranches and forests in ways that also meet our environmental challenges.

**Sec. 8003. Rural Energy Innovation Program.**

This section authorizes appropriations of up to \$25 million annually and amends the Rural Energy Innovation Program to provide technical assistance grants to non-profit entities, state agencies, and others to provide energy efficiency audits that help lead to energy savings on farm and ranches.

**Sec. 8004. Rural Energy for America Program.**

This section names Sec. 9003 of the Farm Security and Rural Investment Act of 2002 the 'Rural Energy for America Program' and provides \$1.06 billion in mandatory funding over 7 years for grants, loans, and loan guarantees . This section also creates a rebate program with up to \$50 million in funding by 2014 to allow farmers, ranchers, rural school districts, and rural businesses to purchase renewable energy systems and make energy efficiency improvements.

**Sec. 8005. Biomass Research and Development.**

This section creates mandatory funding for biomass research and development of \$900 million over 7 years.