



What Would It Look Like If Rural America Really Mattered?

This is the third in our continuing series of articles about successes in rural America — this time sharing Elkader, Iowa's story

If rural communities mattered as much as they should, not more, not less, but just as much as they deserve, there would be a wholesale shift in how rural economic development gets done in rural America. *Donelle Eller's* recent *Des Moines Register* article (Businesses help spark rural revitalization – Iowa's Rural Economy: Increased Investment Brings Optimism, June 10, 2007) discusses at length the progress that Elkader, a community of 1,500 in Northeast Iowa, has had with rural revitalization.

Eller reports that Elkader has attracted new residents and businesses from across the nation. The town has focused economic development efforts on entrepreneurs looking to start-up small businesses – such as *Chris Kavars* and *Les Davis* who are partners in a high-tech start-up; *Adam Pollack* who brought a light manufacturing business to Elkader from California; and *Frederique Boudouani* and *Brian Bruening*, who moved from Boston to take over a local, landmark restaurant.

Elkader has also invested in the culture and aesthetics of the community, like the 2004 refurbishment of their Opera House. And Elkader benefits from (and invests in) infrastructure that supports entrepreneurial development – good highways, high speed Internet access, and a technically skilled workforce. They did not do it alone or overnight, but in partnership over the years with the State of Iowa and Clayton County.

What I find most encouraging in communities like Elkader is that once people begin to see the potential in entrepreneurial development, they look farther and wider for more opportunities. *Chris Kavars* and *Andy Pollack*, for example, have enrolled in the Iowa Farm Bureau's Renew Rural Iowa program, which offers training, business planning, and mentoring programs to rural entrepreneurs.

(Continued on page 2)

College Tuition Becoming Unaffordable

New poll shows over three-fifths of Americans believe qualified students won't be able to attend college because of rising tuition rates; improved tax credits would help

As our students look beyond high school, many will undertake some form of higher education. A recent national poll and report released by Public Agenda and the National Center for Public Policy and Higher Education indicates widespread concern that the opportunity to go to college may not be available to all qualified students.

The report, *Squeeze Play: How Parents and the Public Look at Higher Education Today*, reveals that the public sees higher education as essential for success in the workplace. But tuition is rising too fast, and 62 percent agree that many qualified students will not have the opportunity to obtain a college education.

According to the national poll, the public thinks tuition increases fall most heavily on the middle class. The rich can afford higher tuition rates and the poor may qualify for financial aid. But

focus groups reveal that poor Americans struggle with tuition costs more often than the middle class despite financial aid. Potential problems for poorer students include the need to work to support themselves and their families. The point is that just having financial aid is not enough.

Tuition assistance is available through federal tax credits. Two tax credits are available – the Hope Credit, worth up to \$1,650 and the Lifetime Credit, worth up to \$2,000. Interest on student loans is also tax deductible, and money for tuition can be saved in tax-deferred savings accounts.

The Center for Budget and Policy Priorities estimates that nearly 4 million prospective college students – or more than a fifth of all high school age children nationwide – cannot expect to receive any assistance from these credits because their families' incomes are too

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C O R P O R A T E F A R M I N G N O T E S

Livestock market reforms considered in House Agriculture Committee; we'll keep pressure on as the full House debates the farm bill

The Center for Rural Affairs has made the point many times – farmers, ranchers, and rural communities want, need, and deserve livestock market reforms that restore competition and ensure access to equitable markets for all livestock producers.

Senate Agriculture Committee Chair *Tom Harkin* (D-IA) introduced the Competitive and Fair Agricultural Markets Act of 2007 earlier in the year and seems intent on including it in his “mark” or draft farm bill as a competition title. There is support on the Senate committee, but also stern opposition. But the outcome is uncertain.

There are flickers of hope that the House Agriculture Committee will find the courage to bring livestock market competition issues into the farm bill debate. Livestock Subcommittee Chair *Leonard Boswell* (D-IA) held a livestock competition hearing on April 17, 2007, providing the first airing of competition issues in the House of Repre-

sentatives in too many years to recall. (Read the Center’s testimony at www.cfra.org/competition.)

Representative Boswell then introduced the Competitive and Fair Agricultural Markets Act in the House, with bipartisan co-sponsorship – Representatives *Barbara Cubin* (R-WY), *Marcy Kaptur* (D-OH), *Bruce Braley* (D-IA), *Dave Loebsack* (D-IA) and *Jeff Fortenberry* (R-NE). Many farmers, ranchers, and rural organizations hoped that this was a sign that the House Agriculture Committee would grapple with competition in a substantive fashion.

Meanwhile, support for livestock competition reforms is growing. Sixty-four farm, ranch, and rural organizations signed a letter to Representative Boswell in support of a competition title in the farm bill. The Center for Rural Affairs, American Farm Bureau Federation, and National Farmers Union sent another letter to Representative Boswell and Senator Harkin outlining the com-

petition provisions the three organizations agree should be included in the farm bill (www.cfra.org/competition).

When the Livestock Subcommittee considered their sections of the farm bill, Representative Boswell did not, however, offer his legislation as an amendment. The livestock sections were drafted in conjunction with Agriculture Committee Chair *Collin Peterson* (D-MN) and did not include any market competition provisions.

Representative Boswell did offer an amendment to prohibit mandatory arbitration clauses in livestock production contracts, which passed the subcommittee on a vote of 8 to 6 – a hopeful sign for competition reforms. The fact that Representative Boswell did not offer his full competition amendment was disappointing. But we will continue to press for inclusion of key competition provisions when the full House Agriculture Committee debates the farm bill at the end of June.

Contact: John Crabtree, johnc@cfra.org or 402.687.2103 x 1010 for more information on the Center’s Corporate Farming Notes.

Elkader, Iowa fights trends with vision and courage ...

(Continued from page 1)

There are proven strategies that work in rural America, in places like Elkader with the courage and vision to fight the trends and create their own future. But those communities also need public policies that support local initiative, not undermine it.

This is why the Center for Rural Affairs has spent so much time and effort working on the 2007 farm bill. We want to ensure that Congress closes loopholes in farm program payment limits to stop the unlimited subsidies that large, aggressively expanding operations use to drive their smaller neighbors out of business, to the economic detriment of rural communities.

Moreover, the savings from payment limits could be invested in rural development programs that also provide training, mentoring, and other entrepreneurial development services, like the Rural Entrepreneurs and Microenterprise Assistance Program that will almost certainly be included in the 2007 farm bill.

Investing in entrepreneurial development is a down payment on a future for communities like Elkader, a future with thriving family farms and ranches and vibrant rural communities. Another example of what it would look like if rural really mattered.

Contact: John Crabtree, 402.687.2103 x 1010 or johnc@cfra.org for details.

Help for college tuition ...

(Continued from page 1)

low to generate sufficient income to create a tax liability for these “nonrefundable” tax credits. A family of four with an income of \$24,000 would not qualify for either tax credit. Annual income would need to be over \$40,000 to qualify for the full benefits of either tax credit.

At the time of this writing, it is expected that the Senate Finance Committee will be considering changes to this tax code. It is critical that these credits be restructured and made refundable – offering a tax refund to those with low incomes.

Contact: Kim Preston, kimp@cfra.org or 402.687.2103 x 1022 for information.

Important Work of Rural Community Colleges

Research in the rural mid-south shows that not only do community colleges provide a direct economic boost, they expand a community's social and cultural identity

Through nearly 100 interviews in three case study communities in the mid-south, rural community colleges were found to be major instruments in creating a higher quality of life in their towns. Aside from bringing some economic advantage to these communities, the rural colleges served as major tools in defining a community's sense of character. The study found three benefits community colleges offer their communities.

First, rural community colleges bring a diverse workforce. By requiring high levels of education and specialization, they often have to import labor, and this causes a rippling effect throughout the community. By bringing a highly specialized individual from another state, an urban area, or another geographic region, not only is the rural college served, but the community expands its sense of self-definition. This individual adds a context to the community through his or her interaction, and exposes community members to a difference in thinking.

Second, rural community colleges are hubs of activity that transcend social class stratification. As rural colleges offer speaker series, outdoor summer concerts, leisure education, literacy instruction, and so on, they begin to form new circles of interaction that otherwise would not exist. This extends important social systems and support networks.

Third, rural community colleges are tools for keeping the rural labor force up-to-date and grounded in rural America. They often do more than this, exposing students to new ideas, students of different races and nationalities, and frameworks of thought beyond families and immediate social networks. They challenge individuals to grow, but also protect and create opportunities to stay in a home town, get important job training, and make serious occupational choices.

Rural community colleges are much more than tools for financing rural America, and can be significant partners in rural development and rejuvenation. Work such as this study, completed and funded by the Mid-South Partnership for Community Colleges, can do a great deal in helping emerging partnerships interested in the advocacy of rural issues.

Contact: Michael Miller, Professor in the College of Education and Health Professions at the University of Arkansas, Fayetteville, at mtmille@uark.edu or 479.575.3582. This is condensed from a longer article.

Art and Culture Mean Big Business for Small Rural Communities

New study shows that art and culture events not only enhance rural living, they also bring visitors who spend about twice as much as the locals (\$40.19 compared to \$19.53) while they are in town

The nation's nonprofit arts and culture communities provide a large source of revenue for their regions. Arts-based communities have seen revenue skyrocket over 24 percent from 2000 to 2005, according to a study done by *Americans for the Arts*. Many arts-based organizations also strive to make their communities more enjoyable places to live and, by doing so, have become economic drivers as well.

Even more significant, the study showed that arts-based community patrons spend much more than the event ticket or admission price. The typical patron across the nation spends an average of \$27.79 in addition to the price of admission. These dollars go to such items as eating out prior to the event, paying the babysitter, hotel or motel costs, parking in garages that require a toll, etc.

There undoubtedly is also a direct impact on communities that participate in the arts and culture business. The study estimated that the average event attracted 61 percent local attendees and 39 percent from outside the community. What was interesting about these numbers is that the average local attendee spent \$19.53 per person on the event, while the dollar figure for people from outside the community was \$40.19. This makes the case for all our rural communities to look at their assets and use them to attract others to spend time in the community.

The report also showed that the arts and culture business is booming, whether it is urban or rural. The industry generates approximately \$166 billion a year, which represents 5.7 million jobs and \$30 billion in government revenue.

There is a common misconception that communities participating in the arts do so at the expense of local economic development. Nothing could be further from the truth. In this study, the organizations that were surveyed had budgets ranging from several million dollars per year to some in rural North Dakota with \$0 for yearly budgets.

Creating an environment that holds the arts and culture at a premium can only enhance the livability of the area as well as the economic force that it is proving to create. Next month we will look at how arts and culture are defined in rural areas.

Contact: Michael L. Holton, michaellh@cfra.org or call 402.687.2100.

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House Agriculture Committee's 2007 Farm Bill Draft Takes Shape

After months of posturing, political rhetoric, and backroom Washington negotiations, the 2007 farm bill is finally being drafted. In the past several weeks, we have slowly seen the House Agriculture Committee's version of the farm bill take shape. Five of the six subcommittees have "marked up" their titles of the farm bill, sending them on for full Agriculture Committee consideration, which is scheduled to begin June 26 (as of this mid-June writing, only the Commodity Subcommittee had not completed their work).

Much of the work the Center for Rural Affairs has done over the past months and even years is reflected in these initial drafts of the farm bill titles. There are significant successes to celebrate, along with some disappointments that need to be fixed as we move through the rest of the farm bill process. Most importantly, none of this could have happened without your help, and the entire Center for Rural Affairs staff thanks you.

Rural Development Title

In a significant step forward, Rural Development Subcommittee Chair *Mike McIntyre* (D-NC) included the Rural Entrepreneurs and Microenterprise Assistance Program in his version of the Rural Development title. This vital program will make grants to organizations and educational institutions to provide loans, training, and technical assistance to small rural businesses.

The inclusion of this program in Representative McIntyre's draft Rural Development title essentially guarantees that it will be part of the final House version of the 2007 Farm Bill. That has never happened before, and the credit for success is given to the many organizations and individuals who worked very hard to make this happen. Of course, this is just the first step – now we have to find the funding.

Additionally, the subcommittee extended the life of the Value Added Producer Grants Program through the next farm bill, reserving 10 percent of grants for projects benefiting beginning, minority, and low-income farmers and ranchers. That program makes grants to producers to develop high value markets and engage in value added processing.

Representative *Jeff Fortenberry* (R-NE) offered an amendment developed by the Center to prioritize projects that strengthen small and mid-size farms. Subcommittee Chairman McIntyre agreed to work with Fortenberry to refine the amendment and adopt it in the coming weeks.

The subcommittee extended the life of several other rural development programs, including the Appropriate Technology Transfer for Rural Areas (ATTRA) program, which provides information and expertise on sustainable agriculture and alternative energy. Also extended are the Rural Business Opportunity Grants Program and the Rural Cooperative Development Grants Program that funds cooperative development centers.

The biggest shortcoming in the House provisions is that they provide no money for rural development through the funds under the control of the Agriculture Committee. Rural development programs would be funded only by annual alloca-

tions from the Appropriations Committee, making it difficult to achieve funding increases for existing rural development programs or any funding for new programs, such as the microenterprise program. We will continue to work to secure funding in the House, and we are hoping for a greater commitment to rural development by the Senate Agriculture Committee.

Research Title

The bill emerging from the House Agriculture Subcommittee on Conservation, Credit, Energy, and Research chaired by Representative *Tim Holden* (D-PA) combines existing programs with two proposals, one from state universities and land grant colleges and the other from a coalition of public and private research interests including Monsanto.

The land grant proposal, coined "Create21", seeks to consolidate research agencies and free more funding for competitive grants and protect the land grant formula funding, which goes to land grants based on their percentage of rural population. The other proposal, "NIFA" – National Institute for Food and Agriculture – seeks to combine all competitive grant programs under its purview.

The draft bill melds these two concepts together and would establish a new "Agricultural Research Institute" that consolidates all USDA research and research grants under six mission areas or "institutes." They are:

- Renewable Energy, Resources, and Environment
- Food Safety, Nutrition, and Health
- Plant Health and Production
- Animal Health and Production
- Agriculture Systems and Technology
- Agriculture Economics and Rural Communities

Unfortunately, it appears funding for much of this would come from the Initiative for Future Agriculture and Food Systems (IFAFS). We have long advocated for this program, both as a separate program within USDA and as a vital part of lar-

One thing is certain in the emerging farm bill, the fight for funding will be crucial ...

ger programs. We are urging Congress to retain as much funding as possible for our research priorities (see www.cfra.org/policy/2007/research).

Overall, it is very difficult to figure out just exactly where the money will come from or even the main goals of the House research proposal. Like rural development programs, it does appear that most of the money would come through the annual appropriations process, which makes it difficult to achieve needed funding increases and money for vital new programs.

Given the importance of research programs to the future of farming and rural communities, we will continue to closely monitor the Research title as it moves through the farm bill process.

Conservation Title

The Conservation title introduced by Chairman *Collin Peterson* (D-MN) and debated by the Conservation, Credit, Energy, and Research Subcommittee, includes some of our priorities, but still left much to be desired.

One of our priorities is the Cooperative Conservation Partnerships Initiative. This initiative would allow communities and farmers and ranchers to work together through conservation programs to address rural community development opportunities and environmental enhancement.

The Chairman's proposal failed to include any reference to community development needs and opportunities. Congressman *Tim Walz* (D-MN) offered an amendment to include eligible conservation partnerships that promote not only environmental innovation but also community development innovation. This is a big win!

The most disappointing provision under the Conservation title is the Chairman calling for cutting \$1.1 billion

from the Conservation Security Program (CSP). This cut would eliminate any new program sign-ups until 2012 and would effectively kill the CSP for the next five years. However, after hundreds of calls from concerned citizens, Peterson responded by saying he will support an amendment before the full House Agriculture Committee to restore CSP funding.

Under the Chairman's original proposal, the funding designated to be cut from the CSP would be transferred to the Farm and Ranch Land Protection Program (FRPP) and the Environmental Quality Incentives Program (EQIP). The Chairman's Environmental Quality Incentives Program proposal continues both the \$450,000 per person payment limitation and allowing funds to be used for building new and expanded industrial livestock facility waste systems.

Beginning farmers and ranchers are given a 15 percent bonus for cost-share payments under the Environmental Quality Incentives Program, which is a step in the right direction. However, the subcommittee failed to make the same provision available under the CSP.

Commodity Title

As of this writing, the House Commodity Subcommittee has not begun its work. The number of proposals flying around regarding potential changes to commodity programs is truly amazing. The Center for Rural Affairs continues to fight for strong, effective payment limitations, which were included in the recently reintroduced Dorgan-Grassley Senate bill.

We have very high hopes that those limits will be included in the Senate version of the farm bill. Additionally, we are urging adoption of effective payment limitation reform in the House version of the farm bill.

Miscellaneous

Chairman Peterson's draft Credit title bill includes several provisions from the Beginning Farmer and Rancher Opportunity Act we have been advocating for. It was introduced in the House by Representatives *Stephanie Herseth Sandlin* (D-SD) and *Tim Walz* (D-MN).

Provisions included in the Beginning Farmer and Rancher Opportunity Act are the conservation loan program, with priorities for beginning farmers and for organic transition, and the revised direct ownership and operating loan limitations.

Conclusion

As we write this, we do not know exactly what the House of Representatives 2007 farm bill will look like. However, by the time this newsletter is in your hands, we may have a much better clue as to the nature of the final product, and the farm bill may even be completed on the House side. (Check the Center's website, www.cfra.org, for the latest on the 2007 farm bill.)

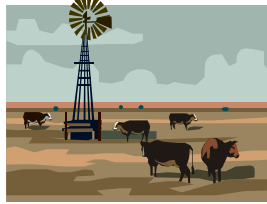
Even though much is still unknown, even in the middle of June, we can tell you for certain that the fight for funding will be crucial, and just as difficult as the fight to get these vital provisions included in the 2007 farm bill in the first place.

The Center for Rural Affairs is fighting hard for a 2007 farm bill that creates genuine opportunity and a brighter future for rural America. The only way we will succeed is through the support and actions of rural Americans like you. We thank you for your efforts.

Poetry: Winds of Change

This month's poem celebrates the windmill as a sustaining source of water and hope for cattle and for the hard working ranchers and their families who make sure they run

The Center for Rural Affairs' Winds of Life: Windmills Across Nebraska celebration is in full swing. Communities across Nebraska are taking part in this celebration by hosting windmill art contests, windmill themed events, and literary events.



As a child I spent many hours helping my dad repair our windmills. It was a daunting task, but crucial. Cattle can't go very long without water. Windmills might seem like a remnant to some people, but for us it was the only way to get water to our livestock.

This poem isn't just about windmills that still remain on the prairie, but it's symbolic for the hard working people who still remain on the land.

Winds of Change

Many things on this rural landscape have come and gone-

New technologies have changed the way things are done-

But something that has withstood the winds of change, the windmill – not known by any other name-

The windmill has been here for hundreds of years-

Persevering through the hard times, persevering through the fears-

Through the dust and the smoke, the tears and the pain-

The windmill's duty has always been the same; bring forth water to replenish and sustain-

Some have been destroyed by urban encroachment and change; others stand strong and alone on the untouched range-

For some they are just relics of a time long ago, an ornament of sorts just for show-

But for some they still serve a very crucial purpose; delivering hope and life to the surface.

– Elisha Greeley Smith, *Media and Outreach Associate, Center for Rural Affairs*, elishas@cfra.org.

National Rural Action Network

Building the power to shape the future of rural America

The National Rural Action Network brings your voice together with those of tens of thousands of rural citizens to contact key policymakers on critical rural issues before Congress. It is a vehicle for those who care about the future of their communities to build the power to fight for genuine opportunity for rural people and a better future for their communities.

What's New. The National Rural Action Network is gaining momentum. In the past year, 5,000 people joined! Part of that growth is due to a new and stronger web presence. Please visit www.cfra.org/action to catch the excitement online.

As the farm bill winds down, we'll devote more time and resources to expanding the National Rural Action Network, but already we've seen some incredible "wins." The National Rural Action Network was engaged, and the National Rural Action Network (you) made a difference.

Payment Limits. The Grassley-Dorgan payment limit amendment was introduced a few weeks back. Action taken by the National Rural Action Network had a profound impact.

Rural Development in the Farm Bill. Through the efforts of many voices, Congressman *Mike McIntyre* (D-NC), Chair of the House Agriculture Subcommittee on Rural Development, took a stand for rural America by supporting rural development in the farm bill. He included entrepreneurship, microenterprise, and value-added agriculture in his farm bill proposal.

Letters, phone calls, and faxes went into the congressman asking him to support rural development in the farm bill. Prior to this, it was doubtful that entrepreneurship and microenterprise, proven rural community and economic development strategies, would be given any attention. You and our partners changed that.

Making a Real Difference. The efforts of the National Rural Action Network are making a difference – you are making a difference. Make no mistake, the support for reform that you helped build, especially within the past few months, has set the stage for the debate over the farm bill in the months to come. Your voice and your efforts have been heard in Washington, and those efforts will be remembered. Your voice and your work have been strong ... but we're not done yet – we've only just started.

We need to expand the National Rural Action Network if we are to be successful. Ask others to join. Direct them to the website, www.cfra.org/action so we can unite across the country to work for real opportunity for our communities. All of rural America can and should be a place where every citizen can grow and thrive. With your help, we can make the promise of rural America a reality across the country.

Contact: Kathie Starkweather, kathies@cfra.org or 402.687.2103 x 1014 for more information. Be sure to visit www.cfra.org/action to see what's new with the National Rural Action Network.

RED VELVET CAKE

Every workplace, church, hometown has a number of people who are known for their excellent food. Our office is blessed with incredibly good cooks who can turn a meal into a feast on any occasion. Our chief accountant, *Hayley Hallstrom*, from Pender knows that when we have something to celebrate (we celebrate often) that the first thing out of at least one person's mouth is, "Great, have Hayley make a Red Velvet Cake!"

I am not sure when the first Red Velvet Cake was made, but I am guessing sometime in the '40's or '50's. My mother, one of those women the town looked to for the best of the best when it came to covered dish suppers, loved to make a Red Velvet Cake for the 4th of July. We had homemade vanilla ice cream on it and gained about 5 pounds per slice.

Recently I saw *Paula Dean* make Red Velvet Cupcakes on her cooking show, and they reminded me again of how delicious Mother's recipe was. Here is her recipe from our hometown church cookbook. Enjoy! — *Barbara Chamness, 402.687.2103 x 1009.*



Red Velvet Cake Ingredients

½ cup of shortening
 1 ½ cup of sugar
 2 eggs
 1 teaspoon vanilla
 1 teaspoon butter flavoring
 3 tablespoons cocoa
 2 ½ cups sifted flour
 1 cup of buttermilk
 1 tablespoon vinegar
 1 teaspoon of salt
 1 teaspoon of soda
 1 ½ bottle of red food coloring



Frosting Ingredients

3 tablespoons flour
 1 cup of sugar
 ½ teaspoon salt
 2 teaspoons vanilla
 1 cup milk
 ½ teaspoon butter flavor
 1 cup shortening

Cake: Cream shortening, sugar, eggs, and flavorings. Make a paste of cocoa and food color. Add to first mixture. Alternately add flour and buttermilk. Mix soda and vinegar in a small bowl. Add to batter. Blend and Bake in 3 (9 or 10 inch) cake pans for 20 to 25 minutes at 350 degrees. Let cool, then frost.

Frosting: Cook milk, salt, and flour until thick, stirring constantly. Let cool. Cream shortening and sugar very well. Add flavorings. Mix everything together and beat well.

Nebraska Legislative Session Was Beneficial for Rural Communities

Support for community entrepreneurial development, microenterprise, and community-based energy development were high points

As we reported in the May issue, the 2007 Nebraska Legislature had the makings of a very successful session for rural issues. The legislative session has adjourned, and we are pleased to report that several of our rural development priorities received favorable treatment.

The Legislature did the following:

- Added \$1.25 million per year for the next two years into community entrepreneurial and small business development.
- Reformed the Building Entrepreneurial Communities Act grant program to work better for more rural communities.
- Began reform of the nation's only Microenterprise Tax Credit to provide more tax relief for more small businesses and small business owners.

Nebraska took a large step into

developing its natural resources for renewable energy by adopting the Rural Community-Based Energy Development Act, a community-based wind energy model based on similar law in Minnesota.

These legislative actions demonstrate a long-term commitment to feasible and sustainable development for Nebraska's rural communities, and an understanding of the type of initiatives that work in rural communities.

Two major issues remain on the Legislature's "to do" list. They adopted LB 516, authorizing a study of corporate farm issues in light of the death of Initiative 300. The Legislature's Agriculture Committee will study broad agricultural structure issues and recommend legal remedies, if any exist, to address the issues Initiative 300 sought to correct.

All Nebraskans interested in the

future of agriculture and rural communities should look for ways to participate and contribute to this important discussion.

Also left undone are issues relating to rural schools. In 2007 the Legislature was unsuccessful in adopting legislation resolving what to do with elementary-only school districts.

Voters repealed legislation dissolving those districts, and the Legislature was unable to craft legislation dealing with those districts that met with the approval of several rural legislators and the Governor. This issue will be taken up again in 2008.

Long-term sustainable school funding and structure in an environment of rural population and school enrollment decline are issues with which the Legislature continues to grapple, and which may also surface in 2008.

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House Ag Committee Farm Bill Lacks Real Payment Limit Reform

Their payment limit reform can be evaded; closing other loopholes is essential to stop the subsidized destruction of family farming

The farm bill being developed by the House Agriculture Committee is wrong on the two central issues.

It includes no meaningful payment limitation reform. Thus it would subsidize the destruction of family farming for another half decade. **Second, it fails to invest in the future of rural America and its communities.**

Committee Chairman *Collin Peterson* (D-MN) has been forthright in describing his dislike for payment limitations while conceding that some reform is needed for the bill to pass the House of Representatives. Not surprisingly, the legislation he proposed created the illusion of reform but in reality changed little other than the paperwork.

Peterson proposed counting farm payments received by corporations against the limits of their individual

shareholders. It is a needed reform, but it only works in concert with other essential reforms.

In the absence of additional reforms, mega farms would just switch to other loopholes that Peterson would not touch. They would divide the farm between spouses and create paper partnerships with uninvolved friends and family members.

Closing one gate but leaving two open doesn't keep the hogs out of the trough. The nation's largest farms would continue to receive unlimited subsidies to drive their neighbors out of business.

But even Peterson's illusion of reform was scuttled in subcommittee for an extension of the 2002 farm bill.

That action reflects the contention of Peterson himself and most major farm and commodity groups that the current farm bill is working. Witness after witness representing those groups told a Nebraska hearing of the Senate Agriculture Committee last August that the current farm bill is working.

But when asked whether they would recommend a future in agriculture for their sons, the answer was no.

As one said, "It would be easier for him to make money at a job in Lincoln."

When the best we can do is to tell our sons and daughters to find jobs in the capitol city, the farm bill is not working.

Wasting federal funds on destroying rural America leaves little to invest in its future. While the committee bill does commit money to biofuels development, it invests nothing in other approaches to rural development. The committee continues the Value Added Producer Grants Program and creates a new microenterprise program to support small business development – but provides no funding for either.

Both of those programs and more could be fully funded with the money saved by closing loopholes in the existing payment limitation.

We spend enough on farm programs in this country to make things better. But it's spent poorly. We can fix that without spending more, but we have to spend smarter. The farm bill taking shape in the House Agriculture Committee fails this most basic test.

Agree or disagree? Send comments to Chuck Hassebrook, chuckh@cfra.org.

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