



A FARM BILL FOR RURAL AMERICA: **2023 FARM BILL PLATFORM**

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I. INTRODUCTION

The Center for Rural Affairs (CFRA) has been at work for nearly 50 years with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities. The farm bill is an important legislative vehicle that can be used to support this work.

After extensive outreach and relationship building in rural communities across our priority states, including Nebraska, Iowa, South Dakota, Minnesota, and Kansas, we developed this list of farm bill priorities. We have had dozens of one-on-one conversations with agricultural producers, several round tables, a paper survey sent to nearly 5,000 individuals, and numerous conversations with organizations and individuals participating in U.S. Department of Agriculture (USDA) programs.

II. CONSERVATION

Protect and improve the Conservation Stewardship Program

The Conservation Stewardship Program (CSP) is a working lands conservation program that provides technical and financial assistance to producers to voluntarily incorporate conservation

into their operations. It is housed within the Natural Resources Conservation Service (NRCS) within USDA. Prior to the 2008 farm bill, this program was known as the Conservation Security Program. More than 70 million acres are enrolled in the program nationwide.

To address climate change and other natural resources priorities, conservation practices need to be scaled up across the agricultural landscape. To do this, strong working lands conservation programs are important. This program has been historically underfunded and oversubscribed. For example, in Iowa in 2021, 47% of eligible CSP applicants were unfunded due to lack of money available. The next farm bill presents an opportunity to strengthen this program and award contracts to producers who are willing and eager to implement conservation in their operations.

A. Assist producers with soil testing within their CSP contracts

Several conservation practices, called “enhancements,” are available in CSP for producers interested in testing the soil of their cropland, pasture, or rangeland. Soil sampling is included in each of these practices but is not the sole activity.

Feedback from producers enrolled or previously enrolled in CSP indicates that soil testing is important in making management decisions on their operations. However, simply gathering soil tests occasionally, or even regularly, without interpretation assistance is not useful.

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“I wish someone would sit down and go through and interpret what we’re doing and what it is doing for us. If we know that, and have a track record of what it’s doing, we have a story to tell to keep these programs going.”

—Dwight, Iowa producer

“We had soil tests done but nobody told me what it was or how to interpret it. We need way more testing and to have it relayed as part of a plan.”

—Pat, Nebraska producer

CFRA supports action to: Promote annual soil testing for acres enrolled in a Conservation Stewardship Program contract by adding a standalone soil testing enhancement.

CFRA supports action to: Require the U.S. Department of Agriculture’s Natural Resources Conservation Service to develop and share guidance on soil testing data interpretation for producers who need it.

B. Improve the CSP renewal process by increasing the number of enhancements available in renewal contracts

After a five-year contract, producers have the option to renew for an additional five years. To be accepted, producers must incorporate at least one additional practice into their operations. Prior to the 2018 farm bill, each renewal application was approved as long as the producer met basic eligibility requirements. The 2018 farm bill modified this process to make renewals not automatic and to require producers to compete for a smaller number of renewal contracts.

Feedback from producers indicates the number of practice options available for renewal contracts limits their ability to continue with the program and implement conservation practices. No tools are available to help producers design

their first contract with a potential renewal in mind, creating difficulty when developing a competitive renewal contract. Keeping producers engaged through renewal contracts encourages long-term conservation practices.

“Finding new activities to do has been a challenge, making it challenging for us to renew.”

—Will, Nebraska producer

“I am really out of options on practices to go forward with CSP, so this is probably my last go-around. There just really isn’t a lot left that looks feasible to us.”

—Dan, Iowa producer

CFRA supports action to: Increase the number of practices available for Conservation Stewardship Program renewal contracts by adding additional enhancements and allowing producers to continue to build off of their previous enhancements.

III. USDA LANGUAGE ACCESSIBILITY

Underserved producers who do not use English as their first language have many barriers when trying to access USDA programs and services. Press releases, including program deadlines and educational resources, are often not available in many languages or not released at the same time as the English version, creating an inequity for those producers who cannot comfortably read English.

Press releases to announce program deadlines are released in Spanish with a several-day or even several-week delay compared to the English version, creating a shorter window of opportunity for Spanish-speaking producers to apply for a program.

Publications need to be available in other languages. Currently, USDA provides only a few publications in 12 languages in addition

to English. By providing all program publications in the 13 languages of priority, USDA will demonstrate inclusivity and interest in underserved producers.

Many producers are interested in Farm Service Agency (FSA) loans and other programs, but FSA and NRCS forms are all offered in English except for a few in Spanish. To ensure ease of enrollment for underserved producers, all paperwork and forms should be translated into the 12 additional languages identified by USDA.

A hotline is currently used for interpretation services when producers need to talk to a USDA employee who does not speak their language, but according to some agents in the field, it is cumbersome to use. Local interpreters with a connection to agriculture will help ensure producers can maintain the long-term relationships with service center office staff necessary to successfully use USDA services and programs. Local agents have recommended creating a list of reliable interpreters who can help producers understand USDA services and programs, as well as communicate with staff in service centers.

CFRA supports action to: Direct the U.S. Department of Agriculture to reduce the barriers for producers with limited English proficiency by releasing non-English versions of program announcements simultaneously with the English version.

CFRA supports action to: Direct the U.S. Department of Agriculture to translate Natural Resources Conservation Service and Farm Service Agency educational materials and program sign-up forms in 12 additional languages.

CFRA supports action to: Direct the U.S. Department of Agriculture to create a list of reliable interpreters with connections to agriculture in each state.

IV. CROP INSURANCE

A. Final planting date for organic producers

Certified organic farmers plant crops such as corn later than their conventional counterparts.

For corn, organic planting is delayed approximately two to three weeks after conventional corn to avoid pesticide drift, a poor stand in their crop, pollen contamination, weed management, and waiting for the right soil temperature.

Within the federal crop insurance process, farmers must plant their crops by a final date without being penalized. The dates are determined by the USDA's Risk Management Agency's (RMA) regional offices.

Both conventional and certified organic farmers are held to the same date. If a farmer does not meet that date, 1% is subtracted from their crop insurance coverage, but they are held to the premium price for the full coverage purchased. In other words, a farmer who plants five days late could be paying for 85% coverage, but only guaranteed 80% coverage in the event of a loss.

“Plant date is a huge issue. Organic farmers are usually planting later than conventional crops, and the plant dates, as of today, are the same for both organic and conventional [...] The first 5% isn't a huge deal, but when you start to go 10, 15 days out, it starts to take a hit on your guarantee.”

—Nebraska crop insurance agent

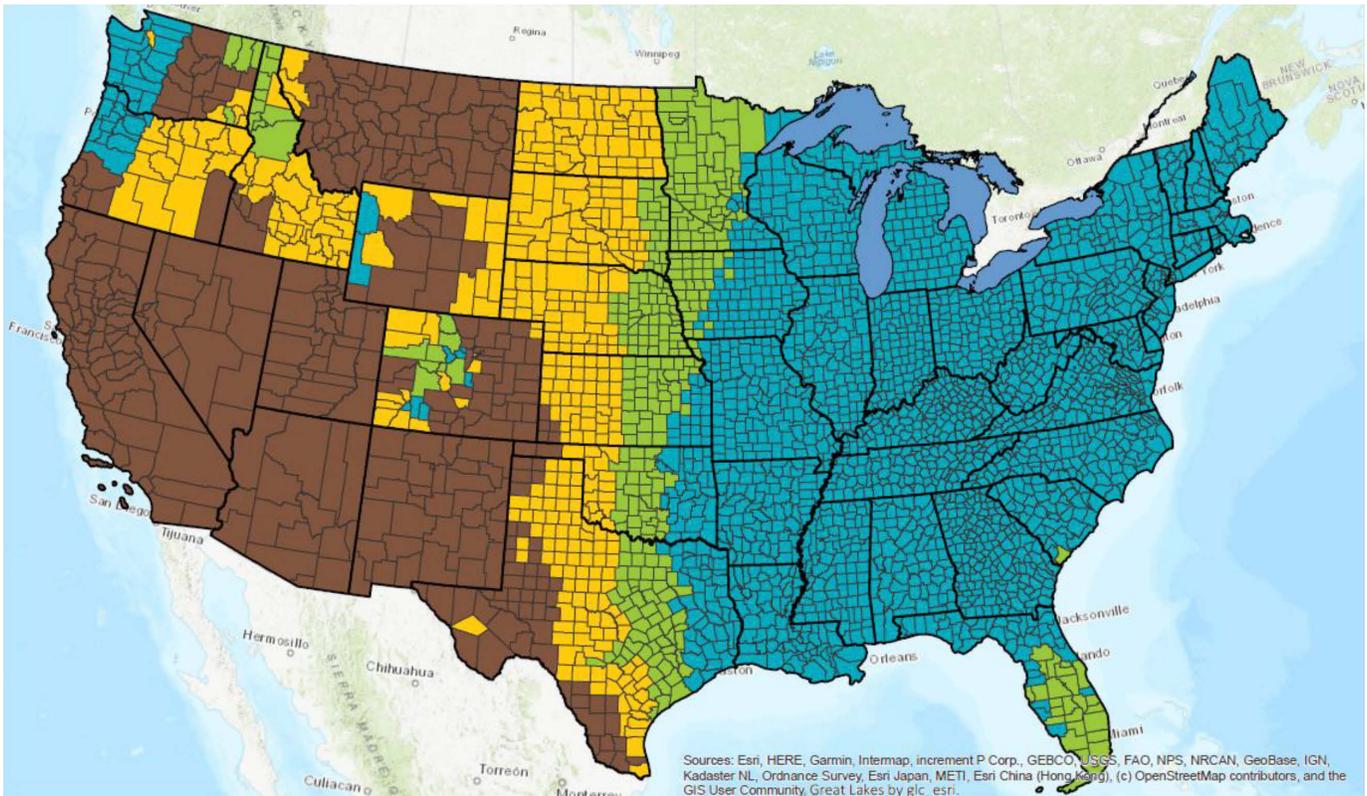
CFRA supports action to: Direct the U.S. Department of Agriculture's Risk Management Agency to set a separate planting date for certified organic crops, or build in a grace period for certified organic operations so they are not penalized for a certain period after the final planting date.

B. Crop insurance discount for cover crops and other conservation practices

In June 2021, USDA announced the Pandemic Cover Crop Program, a \$5-per-acre crop insurance premium discount for acres that were planted in cover crops ahead of the 2021 crop.

In 2021, the program administered \$59.5 million in premium subsidies for 12.2 million acres of

FIGURE 1. COVER CROP TERMINATION ZONES (NON-IRRIGATED)



- Zone 1: Terminated cover crop 35 days or earlier before planting, except for RMA Summerfallow Practice
- Zone 3: Terminated cover crop at or before planting, except for RMA Summerfallow Practice
- Zone 2: Terminated cover crop 15 days or earlier before planting, except for RMA Summerfallow Practice
- Zone 4: Terminated cover crop before crop emergence

NRCS Cover Crop Termination Guidelines, Version 4, June 2019

cover crops nationwide. The program has since been announced for its second year, the 2022 crop year.

To be eligible, farmers needed to report their planted cover crops to FSA before a certain date. In 2021, that date was June 15. In 2022, the original date was March 15. Then, USDA announced a second date, May 31, for cover crops planted after March 15, such as cover crops interplanted with sugar beets and other unique examples.

After reporting to FSA, producers automatically see the premium discount reflected on their crop insurance price later in the year. The program can be used alongside state-level crop insurance

incentive programs, as long as the discount does not exceed the full premium price.

Pandemic Cover Crop Program is available for most crop insurance policy types. In 2021, the list did not include Whole Farm Revenue Protection, but it was added in 2022.

CFRA supports action to: Make the Pandemic Cover Crop Program an annual program.

CFRA supports action to: Keep later reporting deadlines available for relevant producers within the Pandemic Cover Crop Program.

C. Cover crop termination deadline within the Federal Crop Insurance Program

To stay compliant and receive full coverage within the Federal Crop Insurance Program, administered by USDA-RMA, a producer who uses cover crops must terminate those crops by a certain date or stage in the spring cash crop season. This date varies by region, from required termination 35 days or earlier before planting the cash crop all the way to required termination before emergence of the cash crop.

This requirement limits producers' ability to implement successful conservation in their operations. Cover crops need as much time to grow in the spring as possible, especially in northern states.

One of the more common termination methods of cover crops is roller-crimping after the cash crop emergence. Current guidelines prevent this termination method. It is also the best alternative to cover crop termination over tillage in organic operations. See Figure 1 on page 4.

CFRA supports action to: Direct U.S. Department of Agriculture's Risk Management Agency to change the cover crop termination date for both Zone 3 and Zone 4 to "required termination of cover crop by 30 days after planting."

V. RURAL ECONOMIC DEVELOPMENT

Protect and improve the Rural Microentrepreneur Assistance Program

The Rural Microentrepreneur Assistance Program (RMAP) supports the development and ongoing success of rural microentrepreneurs and microenterprises. Direct loans and grants are provided to Microenterprise Development Organizations (MDOs), which then provide loans and technical service to microentrepreneurs without access to traditional lenders. RMAP defines a microentrepreneur as a rural sole proprietorship or business with fewer than 10 employees.

While RMAP has benefited both rural microentrepreneurs and members of the communities they serve, there is room for growth and improvement. Through robust stakeholder engagement, our experience as an MDO, and the feedback we receive directly from loan recipients, we have identified three areas in need of legislative attention.

A. Raise the maximum loan size available to entrepreneurs.

RMAP was created by the 2008 farm bill. The maximum loan size has not changed in the 15 years since. In 2008 dollars, \$50,000 is equivalent to \$68,804 today. Updating this cap in recognition of current economic trends will allow MDOs to meet the needs of microentrepreneurs, and for business owners to make the improvements they require to see their enterprises grow.

CFRA supports action to: Raise the maximum loan amount available to microentrepreneurs through the Rural Microentrepreneur Assistance Program from \$50,000 to \$75,000.

B. Provide greater flexibility to micro-entrepreneurs needing to renovate their business locations.

Only certain expenditures are eligible under RMAP. The recipient microenterprise must follow a set of program guidelines that dictate how this money is ultimately used. These limitations are included in the documentation that accompanies each loan.

Microentrepreneurs are prohibited from using loan funds obtained through this program for all "new construction." As written, new construction also includes renovation to an existing building. This limitation is especially problematic in rural communities where empty storefronts populate Main Street. Here, the most financially expedient path to a brick-and-mortar location requires acquiring and renovating a building that had previously been used for a much different purpose.

CFRA supports action to: Modify the prohibition on new construction found in the Rural Microentrepreneur Assistance Program to allow for renovation of existing buildings.

C. Remove unnecessary administrative barriers to lending in rural communities.

Program guidelines for RMAP place limitations on the MDO. The most onerous of these is a requirement that no more than 85% of a loan made to a qualifying microenterprise be sourced through RMAP. This requires the MDO to find another source of capital to complete the loan.

The requirement creates a significant administrative burden on the part of MDO staff. This burden does double duty, as loan specialists are not only required to work with the ultimate recipient on a redundant set of documents but must also double the paperwork submitted to federal employees to complete the loan because the second source is often a loan made to the MDO through the Small Business Administration.

CFRA supports action to: Stop requiring Microenterprise Development Organizations to use multiple sources of funding to provide loans to underserved rural business owners.

VI. SMALL MEAT PROCESSING

A. Secure long-term support for small meat processors

Small and very small meat processors played a central role in solidifying our food supply during the peak of the COVID-19 pandemic. When much larger facilities slowed production, demand for processing at these smaller facilities dramatically increased. This development not only underscored the importance of small meat lockers to the local food economy, it revealed a host of challenges unique to the industry.

Primary among these is limited access to capital. Despite unprecedented demand for the services of

local meat processors, many lending institutions have been unwilling or unable to provide the financing needed to scale production. Elected leaders at the state and federal level responded by creating grant and loan programs designed to drive investment.

For example, the Meat and Poultry Intermediary Lending Program (MPILP) was created to provide grant funding up to \$10 million to intermediary lenders who finance—or plan to finance—the start-up, expansion, or operation of slaughter, or other processing of meat and poultry. Businesses engaged or proposing to engage in processing meat or poultry, either directly or through agreements with other entities, can apply for loans from the intermediary lender as an ultimate recipient.

CFRA supports action to: Secure long-term funding for the Meat and Poultry Intermediary Lending Program.

B. Remove barriers to technical assistance under the Meat and Poultry Intermediary Lending Program

While MPILP holds promise, deficiencies are undermining its impact. An intermediary lender is limited to using no more than \$125,000 or 5% of the grant amount, whichever is less, for expenses related to establishment or maintenance of a loan loss reserve for the MPILP revolving loan fund, lender training, or new operational costs related to the MPILP revolving loan fund. This limitation creates difficulty for an intermediary lender to make loans at a size appropriate to small and very small meat processors. This difficulty makes it unlikely the lender will be able to offer technical or application assistance small business entrepreneurs often need.

CFRA supports action to: Allow intermediary lenders to use up to 5% of a grant award for expenses related to establishment or maintenance of a loan loss reserve for the Meat and Poultry Intermediary Lending Program revolving loan fund, lender training, technical assistance to prospective borrowers, and new operational costs related to the Meat and Poultry Intermediary Lending Program revolving loan fund.

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities. This institution is an equal opportunity provider and employer.

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