

RURAL BRIEF

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2008 FARM BILL: LEAVING RURAL DEVELOPMENT BEHIND

On June 18, 2008, Congress completed action on the 2008 Farm Bill, the Food, Conservation, and Energy Act of 2008 (HR 6124, Public Law 110-246). Both chambers of Congress overwhelmingly overrode Presidential vetoes (because of a proofreading error that omitted the trade section of the Farm Bill, the entire bill had to be voted on twice, vetoed twice and overridden twice).

The 2008 Farm Bill continues considerable funding for commodity subsidy programs, \$35 billion over the life of the Farm Bill. An additional \$10.4 billion was authorized for nutrition programs and \$25 billion for conservation programs.

In comparison, the Farm Bill allocates only \$150 million in mandatory spending for three programs over the life of the Farm Bill—a 233:1 ratio of commodity subsidy spending to rural development spending. The gap between commodity subsidy spending and rural development spending is even greater when one considers only the two business development and entrepreneurial programs that received mandatory spending—a 1,167:1 ratio of commodity subsidy spending to rural development spending that promotes entrepreneurship. The 2008 Farm Bill also represents a step backward for rural development compared to the 2002 Farm Bill when \$1.03 billion in mandatory spending was allocated for rural development programs.

The Farm Bill does authorize nearly \$1.4 billion in annual discretionary rural development spending, but the vast majority of that is subject to the annual appropriations process.

Many rural development programs not listed below remain official programs. Some programs not listed are authorized by legislative vehicles other than the Farm Bill; others require Congress to provide annual funding through the appropriations process. Important terms used here include:

- ⇒ Authorization – Provides legal authority for a program to exist and determines its policy and terms. Annual spending levels are recommended, but they are not binding on Appropriations Committees.
- ⇒ Mandatory Funding – These amounts are automatically obligated and are not subject to the annual appropriations process of Congress. It should be noted that Congress does have the ability to block mandatory spending through the appropriations process. For example, Congress may deny use of USDA salaries to implement programs with mandatory funds. This allows those funds to be used for other purposes. This was the case with much of the 2002 Farm Bill rural development mandatory funding.
- ⇒ Discretionary Funding – Optional spending subject to the annual appropriations process.

The charts on the following pages outline the programs and their annual spending levels included in the Rural Development Title of the 2008 Farm Bill (figures in millions of dollars).

Title VI, Subtitle A—Consolidated Farm and Rural Development Act

Program	Annual 2008 Farm Bill Authorization Level	2008 Farm Bill Mandatory Funding Level (over 5 years)
Water, Waste Disposal and Wastewater Facility Grants	\$30	\$0
Rural Business Opportunity Grants (RBOG)	\$15	\$0
Child Day Care Facility Grants	\$1	\$0
Circuit Rider	\$25	\$0
Tribal Colleges and University Facilities	\$10 over 5 years	\$0
Emergency and Imminent Water Assistance	\$35	\$0
Water Systems for Rural Alaska	\$30	\$0
Rural Well Systems	\$10	\$0
Rural Cooperative Development Grants	\$50	\$0
Grants to Broadcasting Systems	\$5	\$0
Appropriate Technology Transfer	\$5	\$0
National Rural Development Partnership	\$10	\$0
Historic Barn Preservation	Sums necessary	\$0
NOAA Radio Transmitter Grants	Sums necessary	\$0
Rural Microentrepreneur Assistance Program	\$215 over 5 years	\$15
Employment for Disabled	\$2	\$0
Health Care Services	\$3	\$0
Delta Regional Authority	\$30	\$0
Northern Great Plains Regional Authority	\$30	\$0
Rural Business Investment Program	\$50	\$0
Rural Collaborative Investment Program (RCIP)	\$135 over 5 years	\$0
Water and Waste Water Loan and Grant Backlog	\$120 over 5 years	\$120

Title VI, Subtitle B—Rural Electrification Act of 1936

Program	Annual 2008 Farm Bill Authorization Level	2008 Farm Bill Mandatory Funding Level (over 5 years)
Expansion of 911 Access	Sums necessary	\$0
Broadband Access	\$125 over 5 years	\$0
National Center for Rural Telecommunication Assessment	\$1	\$0
Comprehensive Rural Broadband Strategy	\$0	\$0
Rural Power Generation Study	\$0	\$0

Title VI, Subtitle C—Miscellaneous

Program	Annual 2008 Farm Bill Authorization Level	2008 Farm Bill Mandatory Funding Level (over 5 years)
Distance Learning and Telemedicine	\$100	\$0
Value-Added Agriculture Market Development Grants	\$215 total	\$15
Agriculture Innovation Center	\$6	\$0
Rural Firefighters and Emergency Services	\$30	\$0
Study of Rural Transportation	\$0	\$0
Housing Assistance Council	\$10	\$0

Title XIV—Miscellaneous

Program	Annual 2008 Farm Bill Authorization Level	2008 Farm Bill Mandatory Funding Level (over 5 years)
Southeast Crescent Regional Commission	\$30	\$0
Southwest Border Regional Commissions	\$30	\$0
Northern Border Regional Commission	\$30	\$0

Mandatory Funded Rural Development Programs

Water and Waste Water Loan and Grant Backlog: This program is designed to help alleviate the estimated \$2 billion backlog of pending water system, waste disposal system and emergency water assistance loan and grant applications. This \$120 million will be available once all FY 2007 water and sewer funds have been exhausted. Priority will be given to pending water system applications.

Rural Microentrepreneur Assistance Program: This new program is designed to provide loans and grants to microenterprise development organizations to assist and help establish small businesses in rural areas.

Value-Added Agriculture Market Development Grants: This existing program is a competitive grants program that assists farmers and ranchers and cooperatives in developing, planning and marketing value-added agricultural products. The 2008 Farm Bill reserves 10 percent of program funds for projects benefiting beginning farmers or ranchers or socially disadvantaged farmers or ranchers and another 10 percent to develop local and regional supply networks linking independent farmers and ranchers with businesses and cooperatives.

Other Rural Development Farm Bill Items

Definition of Rural: To try and simplify the many definitions of “rural” in USDA Rural Development programs, the Farm Bill revises the definition of “rural” and “rural area” for USDA programs to mean any area other than a city or town with a population greater than 50,000 and any urbanized area contiguous or adjacent to that city or town. Exceptions are USDA Water and Waste Disposal grants, loans and loan guarantees and Community Facility loans and grants that retain their maximum population criteria of 10,000 and 20,000 respectively. USDA is also given the authority to determine someplace to be “rural in character.”

Rural Economic Area Partnerships (REAP) Zones: The Farm Bill requires USDA to continue servicing existing REAP zones in New York, North Dakota and Vermont.

Broadband Loan and Loan Guarantee Programs: The Farm Bill modifies several provisions of USDA broadband programs. USDA is now generally prohibited from making loans in areas where more than three “incumbent service providers” exist. “Incumbent service provider” is redefined to mean a loan applicant that provides broadband services to more than five percent in a service area. Funding priority is given to applicants offering service to the greatest proportion of households currently without service. The Farm Bill also instructs the Federal Communications Commission, in coordination with USDA, to submit to Congress a “comprehensive rural broadband strategy.”

New Regional Commissions: The Farm Bill authorizes three new federal-state regional commissions: Northern Border Regional Commission (the northern portions of Maine, Vermont, New Hampshire and New York); Southeast Crescent Regional Commission (states in the South); and the Southwest Border Regional Commission (portions of Arizona, California, New Mexico and Texas along the Mexico border). These regional commissions are charged with addressing unique economic development needs in their region, particularly in economically distressed areas of the region.

New Farm Bill Emphasis on Local Food

In addition to the rural development provisions outlined here, the 2008 Farm Bill also includes several provisions with an emphasis on local food production and distribution. Like the rural development programs, only some are funded.

Food Stamp Nutrition Education

Allows state agencies to implement nutrition education programs for individuals eligible for program benefits that promote healthy food choices consistent with the most recent Dietary Guidelines for Americans.

Emergency Food Program Infrastructure Grants

Creates USDA grants for projects related to the collection, storage, distribution, transportation, and tracking of time-sensitive and perishable foods, and improving the security and diversity of emergency food distribution and recovery systems through the support of small or mid-size farmers and ranchers and donations from local food producers and manufactures to people in need. Program is authorized at \$15 million annually.

Traditional and Locally-Grown Food Fund

Creates a USDA fund subject to available appropriations for use in purchasing traditional and locally-grown foods for recipients of food distributed under USDA programs on Indian reservations. At least 50 percent of the food purchased shall, when practicable, be produced by Native American farmers, ranchers, and producers.

Senior Farmers Market Nutrition Program

Provides \$20.6 million per year in mandatory funding for fresh fruit and vegetable vouchers to low-income seniors that can be used at participating farmers’ markets, roadside stands and community supported agriculture subscriptions.

Purchases of Locally Produced Foods in Child Nutrition Programs

Encourages institutions receiving federal funds for child nutrition programs to purchase unprocessed agricultural products, both locally grown and locally raised. Also allows K-12 schools receiving federal funds for the school lunch program the flexibility to specify a geographic preference for the procurement of unprocessed agricultural products. Report states that “unprocessed” should include washing vegetables, bagging greens, butchering livestock and poultry, pasteurizing milk, or putting eggs in a carton.

Fresh Fruit and Vegetable Snack Program

Provides \$500 million mandatory funding over five years for selected schools to purchase at least one daily fresh fruit or vegetable snack. The program will focus on low-income school districts, and allocates one percent of funding to each state and the District of Columbia with additional funding allocated by relative state population. Schools can preference local products.

Assistance for Community Food Projects

Establishes Healthy Urban Food Enterprise Development Centers, a competitive grant program for producers, small businesses, and non-profits to apply for outreach, technical assistance, and feasibility study grants to support the development of enterprises which distribute and market healthy and locally produced foods to underserved urban, rural, and tribal communities. Provides \$3 million total in mandatory funding over three years.

Community Food Projects

A competitive grants program to develop community food projects, including enhancing the self-reliance of communities in providing for their food needs. Provides \$5 million mandatory funds for fiscal year 2008 and each year after.

Locally or Regionally Produced Agricultural Food Products—Section 6015

Modifies the Business and Industry Loan Program to reserve at least five percent of the B&I annual program funds (approximately \$50 million annually) to provide loans and guarantees to individuals, cooperatives, businesses and other entities to establish and facilitate enterprises that process, distribute, aggregate, store and market locally produced agricultural food products. Defines “locally-produced agricultural food product” as one that is raised, produced, and distributed within a locality or region and is transported less than 400 miles from its origin. USDA is charged with giving priority to projects that have benefits to underserved communities, defined as those communities with limited access to affordable, healthy foods, and a high rate of hunger or food insecurity or a high poverty rate.

Value-Added Producer Grant Program

Includes a new program directive to support “mid-tier value chains” and local and regional food systems. Provides \$15 million in mandatory funding over four years.

USDA “Food Desert” Study

Provides \$500,000 in discretionary funding for a one-year, USDA-led study on the incidence of “food deserts,” or areas with limited healthy and fresh food retail access and identify strategies which can reduce their incidence.

Farmers’ Market Promotion Program

Provides \$33 million in mandatory funding over five years to provide competitive grants of up to \$75,000 to promote farmers’ markets and other direct marketing ventures. Sets aside 10 percent of annual funding to implement projects for using “food stamp” benefits at farmers’ markets.

Specialty Crop Block Grants

Established two block grant programs to states to promote the developing and marketing of specialty crops according to plans each state must develop. Included as a potential funded activity are “buy local” campaigns. Specialty crops are defined as fruits and vegetables, dried fruits, tree nuts, and horticultural and nursery crops. Mandatory funding of \$60 to \$95 million is provided for five years.

Grants to Improve the Movement of Specialty Crops

Authorizes (without funding) a grant program to improve the cost-effective movement of specialty crops to local, regional, national and international markets and to address transportation deficiencies.

Interstate Shipment of State-Inspected Meat

Allows small meat-processing plants with state rather than federal inspection that meet strong food safety standards to sell products across state lines.

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