

Specialty Crop Farm Bill Alliance
H.R. 6124
Food, Conservation, and Energy Act of 2008

2008 Farm Bill Summary

Summary

After nearly two-years of debate, Congress has passed a new farm bill that will govern the nation's agriculture laws for the next five years. In addition, this legislation will also regulate nutrition, conservation, research, and energy programs. Overall this bill authorizes \$289 billion in agriculture programs including \$209 billion for nutrition programs, \$35 billion for commodity programs and \$25 billion for nutrition programs.

For specialty crops, the law makes a tremendous investment in specialty crop producers by recognizing the needs and priorities of fruits, vegetables, tree nuts, nursery and wine grape growers in the United States. In particular, this bill dedicates approximately \$3 billion in critical funding for specialty crop, pest and disease, nutrition, research and conservation priorities. Of particular note, is that none of this funding will go to direct payments or subsidies from the federal government but rather strongly support infrastructure investments and expand market opportunities to build a strong specialty crop industry. Below is a summary of some of the key funding and policy highlights.

Funding Highlights

- **\$1.02 billion** - Expands the Fresh Fruit & Vegetable Snack Program to all 50 states. The nationwide expansion of the Snack Program will develop life-long healthy eating habits for millions of children by providing fresh fruits and vegetables in our nation's schools.
- **\$466 million** - Enhances funding for "Specialty Crop Block Grants" that focus on local efforts to enhance producers' ability to compete in the marketplace and provide consumers with safe, abundant food.
- **\$ 377 million** - Creates a new Pest and Disease Program focused on combating invasive pests and disease, which cost the economy billions of dollars a year. This program will be a joint collaborative effort between the USDA's Animal and Plant Health Inspection Services (APHIS) and state departments of agriculture.
- **\$250 million** - Provides the Department of Defense (DOD) Fresh Program which partners with USDA in a unique program to purchase and deliver fresh fruits and vegetable to schools and in schools.

- **\$230 million** – Establishes the Specialty Crop Research Initiative to develop and disseminate science-based tools to address the needs of specific crops and their regions. The research important priorities such as food safety, mechanization, genetics, plant breeding and pests and diseases.
- **\$200 million (per year)** – Maintains funding for the Market Access Program (MAP) which increases the availability and viability of U.S. specialty crops in foreign markets.
- **\$59 million** – Enhances critical trade assistance and market promotion tools that will grow international markets for specialty crops. Technical Assistance for Specialty Crops (TASC) has proven to be successful tool with identifying and removing trade barriers for specialty crop producers.
- **\$20 million** – Creates the National Clean Plant Network to provide a sustainable source of healthy planting stock for fruit trees, nut trees and grapevines. The production of clean planting stock for horticultural crops has been in jeopardy due to the lack of public funding and adversely impacts key horticultural crops.

Policy Highlights

- **Maintains integrity of U.S. planting flexibility policy.** Continues to maintain the planting flexibility safety net policy for fruit and vegetable farmers that ensures growers who receive federal payments, will not be able to also plant fruits and vegetables on that subsidized acreage.
- **Successfully adds “processing (packing), storing and transportation” to the approved list of on-farm income related to the AGI (adjusted gross income) conservation programs.** Many specialty crop producers also “process (including packing), store and transport” crops and were prevented from participating in conservation programs because their AGI exceeded the limits.
- **Prioritizes federal research activities for specialty crops.** USDA will collaborate with specialty crop producers and organizations to develop and implement applied research and extension initiatives funded and sponsored by the agency.
- **Expands purchases of fruits and vegetables under Section 32 program.** Increases the minimum threshold (currently at \$200 million per year) of Section 32 funds dedicated to fruit, vegetable and nut purchases and expands the Secretary’s purchase discretion to include value-added fruit, vegetable and nut products. Funding Levels: \$390 FY08; \$393 FY09; \$399 FY10; \$403 FY 11; \$406 FY12.

- **Requires the Secretary to conduct a census of specialty crops to assist in the development and dissemination of specialty crop information.**
- **Improves provision for technical assistance under conservation programs.** Includes provisions for specialty crop technical assistance in order to make sure specifications are complete and relevant. The provision seeks to ensure adequate technical assistance to specialty crop growers by directing the Secretary to develop programs that meet the needs of specialty crop growers using cooperative agreements with other federal agencies.

Section by Section Summary

TITLE I – Commodity Programs

Farmers with Less than 10 acres of base are excluded from direct payments: Direct payments, counter-cyclical payments, or average crop revenue election payments are prohibited if the sum of the base acres for the farm is 10 acres or less unless the farm is owned by a socially disadvantaged or limited resource farmer or rancher. Requires an evaluation by USDA on the supply and price of fresh fruits and vegetables and fruits and vegetable for processing. **Sec. 1101(b)**

Planting Flexibility: Maintains the current restrictions that prevent the planting of fruits and vegetables on acres receiving program payments with one exception- provides for a pilot program to allow fruits and vegetables to be used for processing during the 2009-2012 crop years on up to 75,000 acres in the following 8 states: 9,000 base acres in Illinois, Indiana, Michigan, and Wisconsin; and up to 1,000 base acres in Iowa; 34,000 base acres in Minnesota; 4,000 base acres in Ohio. The pilot program provides for a report that will evaluate the impact on price and supply on fresh and process fruits and vegetables; requires for verification of grown and delivered product to processing facilities; and must have a processing contract fruits and vegetables. **Sec(s). 1107, 1306**

TITLE II – Conservation

Environmental Quality Improvement Program: Reauthorizes and amends EQUIP and ramps up funding to \$1.175 billion by 2012. **Sec. 2701**

Conservation Innovation Grants: Encourages greater participation among specialty crop growers by providing environmental and resource conservation benefits through competitive grants. In addition under this same program, the Secretary shall provide payments to producers to implement practices to address air quality concerns. \$150 million of mandatory funding is included in this air quality program (\$37.5 million per year) through 2012. **Sec. 2509**

Delivery of Conservation Technical Assistance: Directs the Secretary to the maximum extent practicable to fully incorporate specialty crop production into conservation practice standards and to provide for the appropriate range of conservation practices and resource mitigation measures available to Specialty crop producers. Directs the Secretary when carrying this program out, to develop programs that meet specific needs of specialty crop producers through cooperative agreements with other agencies and nongovernmental organizations and program specifications that allow for innovative approaches to engage local resources in providing technical assistance and implementation. **Sec. 2706**

Cooperative Conservation Partnership Initiatives: Directs the Secretary to enter into 2 to 5 year agreements with eligible entities (including specialty crop producers) to enroll producers in specified conservation programs. Allows multiple producers and others to improve specific resources of concern related to farming on a local, State, or regional scale. CSP, EQIP, FRPP, RWEF, and WHIP are covered by this section. **Sec. 2707**

Adjusted Gross Income Limitation for Conservation Programs: Adjusted Gross Income limit for conservation programs for non-farm income is \$1 million for individual or entity. The Secretary is authorized on a case-by-case basis to waive the AGI limitation. Also includes in the definition of "farming income" to include "the processing (including packing), storing (including shedding), and transporting" when determining an individual's average AGI **Sec. 1604**

TITLE III – Trade

Reauthorizes Market Access Program: Reauthorizes funding for MAP to encourage domestic exports. Provides \$200 million per year for FY 2008-2017. **Sec. 3102**

Technical Assistance for Specialty Crops: Reauthorizes the Technical Assistance for Specialty Crops (TASC) program to address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. Also requires an annual report to the House and Senate Agriculture Committees that describes the factor that affect exports specialty crops including SPS issues and trade barriers. Provides mandatory funds of \$4 million in FY 2008, \$7 million in FY 2009, \$8 million in FY 2010, and \$9 million in 2011 - 2017. **Sec. 3203**

TITLE IV – Nutrition

Pilot Projects to Evaluate Health and Nutrition Promotion in the Supplemental Nutrition Assistance Program: Provides \$20 million to conduct pilot projects to test methods for providing incentives at the point of

purchase to encourage low-income households (Food Stamp recipients) to purchase fruits, vegetables and other healthy foods. **Sec. 4141**

Seniors Farmer Market Program: Extends to the Seniors Farmer Market Nutrition Program through 2012. Honey is added to list of covered items (including fruits and vegetables) to be covered by program vouchers. It also increases the funding (currently at \$10 million per year) to \$20.6 million per year. **Sec. 4231**

Purchases of Locally Produced Foods: This provision clarifies that institutions, including the Department of Defense Fresh Fruit and Vegetable Program, participating in the school lunch program are allowed to use a geographic preference for the procurement of locally grown fruits and vegetables to the maximum extent practicable and appropriate. **Sec. 4302**

Fresh Fruit and Vegetable Snack Program: Provides \$1.02 billion from 2008-2017 for expansion of the Fresh Fruit and Vegetable Program to all 50 states and the District of Columbia. Each state would receive a minimum grant of 1% of the funds made available to carry out the program in a given fiscal year, plus additional funding based upon the proportion of the population of a state to the population of the United States. Funding available is 10/1/08 \$40 M; 7/1/09 \$65M; 7/1/10 \$101M; 7/1/11 \$150; 7/1/12 – 7/1/17 and thereafter \$150M. States are responsible for selecting elementary schools to participate and would be required to ensure that each school chosen is a school in which not less than 50 percent of the students are eligible for free- or reduced-price meals. **Sec. 4304**

Buy American Requirements: Allows for training, guidance, enforcement of Buy American requirements for federal feeding programs, including the Richard B. Russell National School Lunch Act and the DOD Fresh Program. **Sec. 4306**

Minimum Purchases of Fruits, Vegetables and Nuts Through Section 32 to Support Domestic Nutrition Assistance Programs: Requires the USDA to purchase fruits, vegetables and nuts for the purpose of providing nutritious foods for use in domestic nutrition assistance programs under section 32 in the following amounts: FY'08 \$390M; FY'09 \$393M; FY'10 \$399M; FY' 11 \$403M; FY'12 \$406M. Of these funds, USDA must use not less than \$50M per year to purchase fresh fruits and vegetables for schools and other institutions (DOD Fresh). **Sec. 4404**

TITLE VI – Rural Development

Value-Added Agricultural Market Development and Program Grants
Limits grants to no more than \$300,000 in the case of grants including working capital or \$100,000 in the case of all other grants. It extends grants to conduct market research, provide training and technical assistance, develop supply networks, or provide program outreach and limits assisting

organizations to no more than 10% of the total amount of funds available for grants under this subsection. Requires Secretary to reserve 10% of funds for projects that benefit beginning or socially disadvantaged farmers or ranchers and 10% for projects proposing to develop mid-tier value-chains. Provides \$15 million in mandatory funds for 2009, and provides for the authorization of appropriations to be extended through 2012. **Sec. 6202**

TITLE VII - Research

Specialty Crop Committee Report: Expands the list of recommendations the specialty crops committee must make annually to the National Agricultural Research, Extension, Education, and Economics Advisory Board to include economic analyses of the specialty crop sector and data that provide applied information useful to specialty crop growers. **Sec. 7103**

Specialty Crop Research Initiative: Authorizes a specialty crop research initiative at the Department of Agriculture through the Agricultural Research Service and extramural competitive grants, as well as expands the initiative to a research and extension initiative that incorporates the prevention, detection, monitoring, control, and response to food safety hazards in the production and processing of specialty crops, including fresh products. 10% of the funds obligated for this initiative are to be designated for the activities of the research and extension initiative. Other priorities for the initiative also include research on: plant breeding, genetics, and genomics; invasive species; mechanization; food safety; and pollination. Provides \$230 million in mandatory funding for FY 2008-2012. **Sec. 7311**

Office of Pest Management Policy: The conference report extends the authorization for the Office of Pest Management Policy to 2012. **Sec. 7313**

TITLE X – Horticulture and Organic Agriculture

Independent Evaluation of USDA Commodity Purchase Process: Requires the Secretary to perform an independent evaluation of the commodity purchasing processes used by USDA to remove surplus commodities from the market and support commodity prices and producer incomes, especially with regards to activities under Sec. 32 and the importance of increasing purchases of specialty crops. **Sec. 10101**

Inclusion of Specialty Crops in Census of Agriculture: Includes a census of specialty crops as part of the general census of agriculture. **Sec. 10103**

Food Safety Education Initiatives: Authorizes the Secretary to carry out a food safety education program to educate the public and the fresh produce industry about practices and methods that will reduce microbial pathogens and cross contamination in fresh produce. Authorizes \$1 million for each fiscal year 2008 – 2012. **Sec. 10105**

Farmer's Market Promotion Program: Provides \$33 M to promote direct producer-to-consumer marketing (\$3M in FY'08; \$5M in FY'09 and FY'10; and \$10M in FY'11 and FY'12). Not less than 10% of these funds in any fiscal year must be used for projects designed to implement EBT systems at farmers' markets. **Sec. 10106**

Specialty Crops Market News Allocations: The provision requires the Agricultural Marketing Service to carry out market news activities to provide timely price information on fruits and vegetables in the United States. Authorizes \$9 million for each fiscal year 2008 through 2012. **Sec. 10107**

Specialty Crop Block Grants: Authorizes specialty crop block grants through fiscal year 2012. This program allows states to invest in programs and projects that support production-related research, commodity promotion, product quality enhancement, consumer health, food safety and other programs that enhance the competitiveness of specialty crop producers. This section also amends this authority to ensure that each state's base funding level is \$100,000 or 1/3 of 1 percent of the total amount of funding made available to carry out this section which ever is higher. State funds not expended by a certain date, can be reallocated to other states. Provides \$499 million in budget authority mandatory funding (\$10 million in FY 2008, \$49 million in FY 2009, and \$55 million in FY 2010 - 2017). **Sec. 10109**

Plant Pest and Disease Management and Disaster Prevention: Directs APHIS to create a program to determine and prioritize foreign threats to domestic production of specialty crops, including bio-terrorism. The goal of this program is to protect the interest of the domestic specialty crop industry by preventing pest and disease threats in the U.S. Funds shall not be used for eradication efforts that enhance the import opportunities into the United States. Provides \$407 million in budget authority mandatory funding (\$12 million for FY 2009, \$45 million for FY 2010, and \$50 million in FY 2011 - 2017). **Sec. 10201**

National Clean Plant Network: This provision directs the Secretary to establish a National Clean Plant Network program. Plant materials such as apples, peaches, grapes, and other fruits which are provided by nurseries to orchards and vineyards, can be particularly vulnerable to viruses. This provision would establish a network of clean plant centers in the United States that would conduct diagnostic and pathogen elimination services to ensure that nurseries can continue to provide safe, virus-free plant materials to orchards, vineyards and other growers. Provides \$20 million in mandatory funding (\$5 million per year, 2009-2012). **Sec. 10202**

Plant Protection Amendment: Removes the 60-day requirement for approval by OMB and Secretary of Agriculture for compensation payments related to a pest or disease emergency. **Sec. 10203**

Invasive Pest and Disease Emergency Response Funding

Clarification: The Secretary may provide funds on an emergency basis to States to assist the States in combating invasive pest and disease outbreaks for any appropriate period of years after the date of initial detection by a State of an invasive pest or disease outbreak, as determined by the Secretary. **Sec. 10206**

Grant Program to Improve the Movement of Specialty Crops:

Authorizes the Secretary to make grants to allow national, state, regional and local governments, grower cooperatives, and producer and shipper organizations to improve the cost-effective movement of specialty crops. The language also establishes matching requirements for grant recipients, and authorizes discretionary funding to carry out the program. **Sec. 10403**

TITLE XI – Livestock

Country of Origin Labeling: Amends the Country of Origin Labeling law of 2002 (similar to House farm bill), reducing penalties for mistakes in labeling at point of purchase, including a “good faith” standard that reduces the liability for retailers unless shown to be disregarding or willfully violating the law. Includes self attestation of origin so that retailers can rely upon what suppliers tell them. Normal records kept in the regular course of doing business are sufficient to comply with the statute. Includes a specific provision to allow labeling of a U.S. State, region or locality in which a product is produced to meet label standards as product of U.S. **Sec. 11002.**

TITLE XII – Crop Insurance and Disaster Assistance Programs

Tree Assistance: Increases the maximum payment to qualifying orchardists to \$100k a year in order to better reflect actual costs of tree removal and replacement as a result of damage caused by a natural disaster. Nursery growers are included. Mandatory funding is included at \$52 million. **Sec(s). 12033, 15101**