Farm Bill 2008 Policy Briefs: Effects on Arkansas

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Introduction

The 2008 Food, Conservation, and Energy Act (popularly known as the 2008 Farm Bill) went into force in June, 2008[4]. This $288 billion five-year legislation authorizes the majority of United States (US) Federal food and agricultural programs. The fifteen titles of the Act address a broad range of food, farm, energy and natural resource issues. The fifteen titles of the current legislation are:

[1.] Title I: Commodities
[2.] Title II: Conservation
[3.] Title III: Trade
[4.] Title IV: Nutrition
[5.] Title V: Credit
[6.] Title VI: Rural Development
[7.] Title VII: Research
[8.] Title VIII: Forestry
[9.] Title IX: Energy
[10.] Title X: Horticulture and Organic Agriculture
[11.] Title XI: Livestock
[12.] Title XII: Crop Insurance
[13.] Title XIII: Commodity Futures
[14.] Title XIV: Miscellaneous
[15.] Title XV: Trade and Taxes.

The purpose of this publication is to provide a brief description of each title and to highlight how each in turn affects the State of Arkansas. Other excellent sources that describe the 2008 Act can be found at the USDA/ERS website[5] and the House Committee on Agriculture website[6]. The House of Representatives and Senate Conference Report is also available[7].

[4] Pub L. 110-234, 122 Stat. 923. http://www.gpo.gov/fdsys/pkg/PLAW-110publ234/content-detail.html
[5] USDA/ERS Side-by-Side Comparisons are available online at: http://www.ers.usda.gov/FarmBill/2008/
[6] http://agriculture.house.gov/singlepages.aspx?NewsID=1227&LSBID=1271
[7] http://agriculture.house.gov/farmbill/conferencereportlanguage.pdf

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Title I: Commodities

The title provides farm revenue and commodity price support to United States (US) farmers. Covered commodities include rice, soybeans and cotton among others. Specific Federal programs include direct and counter-cyclical payments (DPs and CCPs), marketing assistance loans, loan deficiency payments (LDPs), and the novel Average Crop Revenue Election (ACRE) program. Other key provisions concern commodities such as: sugar (price support), dairy (price support, marketing orders, and income loss contract payments) and peanuts (storage and handling costs).

DPs**:** Provisions of the program, introduced in the 2002 Act, are maintained. As Table 1 shows, DP rates are kept unchanged relative to the previous legislation with the 2008 Act having rice divided into long and medium-grain rice. Eligible payment acres for the period 2009-2011 are decreased to 83.3 percent of the crop base acres (down from 85 percent in the 2002 Farm Bill), but remain at 85 percent for 2008 and 2012. The overall program payment amount for a certain commodity is calculated as:

*DP rate*eligible payment acres*payment yield*,

where crop bases and payment yields are pre-determined based on farm-specific historical data. As a result, DPs are fixed for the period 2008-2012 and provide additional farm revenue in addition to what farmers are able to obtain through grain marketing.

For the crop years 2008-2012, DPs can be made on October 1 of each harvest year at the earliest. Advanced payments of up to 22 percent of the total amount can be made on December 1 at earliest of each year prior to the harvest year for which payments are due, but only for the period 2008-2011. The program’s payment limit is $40,000/farmer/year (excluding peanuts).

Table 1: Comparison of 2002 and 2008 Farm Bill Direct Payment Rates

Commodity	**2002 Farm Bill Payment Rate**	**2008 Farm Bill Payment Rate**
Wheat	$0.52/bu	$0.52/bu
Corn	$0.28/bu	$0.28/bu
Grain Sorghum	$0.35/bu	$0.35/bu
Barley	$0.24/bu	$0.24/bu
Oats	$0.024/bu	$0.024/bu
Upland Cotton	$0.0667/lb	$0.0667/lb
Rice	$2.35/cwt	/
Long-Grain Rice	/	$2.35/cwt
Medium-Grain Rice (includes short-grain rice)	/	$2.35/cwt
Peanuts	$36/ton	$36/ton
Soybeans	$0.44/bu	$0.44/bu
Other Oilseeds	$0.008/lb	$0.008/lb

CCPs: While retaining its provisions from the previous legislation, the program is slightly modified in the 2008 Farm Bill. CCPs subsidize producers when national average crop

market prices fall below pre-determined target price levels. Table 2 shows that target prices are constant for the period 2008-2009 for all eligible commodities with lentils, dry peas, and small and large chickpeas being eligible starting in 2009. However, target levels are increased for a group of crops including wheat, grain sorghum, barley, oats, soybeans and other oilseeds starting in 2010. On the other hand, target price levels for rice, upland cotton and corn are steady throughout the period 2008-2012.

The total program payment for a certain crop for the period 2008-2012 is calculated as:

*CCP rate (target price-effective price)*0.85*Eligible Payment Acres*Payment Yield*,

where crop bases and payment yields are established based on farm-specific historical data, and the effective price for the crop of interest is the sum of the direct payment rate and the higher of the national loan rate and the national average farm price for that crop. For the period 2008-2010, the program allows for up to 40% of the total program payment to be made in advance as soon as 180 days of the marketing year have passed. The remaining payments are to be made after the end of the marketing year. The program's payment limit is $65,000/farmer/year.

Table 2: 2008 Farm Bill Target Price Levels

Commodity	**2008-2009**	**2010-2012**
Wheat	$3.92/bu	$4.17/bu
Corn	$2.63/bu	$2.63/bu
Grain Sorghum	$2.57/bu	$2.63/bu
Barley	$2.24/bu	$2.63/bu
Oats	$1.44/bu	$1.79/bu
Upland Cotton	$0.7125/lb	$0.7125/lb
Long-Grain Rice	$10.50/cwt	$10.50/cwt
Medium-Grain Rice	$10.50/cwt	$10.50/cwt
Peanuts	$495/ton	$495/ton
Soybeans	$5.80/bu	$6.00/bu
Other Oilseeds	$10.10/cwt	$12.68/cwt
Dry Peas	$8.32/cwt (starting in 2009)	$8.32/cwt
Lentils	$12.81/cwt (starting in 2009)	$12.81/cwt
Small Chickpeas	$10.36/cwt (starting in 2009)	$10.36/cwt
Large Chickpeas	$12.81/cwt (starting in 2009)	$12.81/cwt

ACRE Program: Since existing target price levels do not provide farm revenue risk management in cases of low actual yields, the new legislation introduces ACRE as a voluntary alternative program to receiving counter-cyclical payments. The program is available starting in the crop year 2009 and provides revenue support. Once farmers elect to participate in ACRE, such a decision is irrevocable throughout the duration of the 2008 Farm Bill. ACRE participants are ineligible for CCPs, and their DPs are reduced by 20 percent and LPDs/marketing loans by 30 percent.

In order for a farmer to receive ACRE payments, two revenue-related triggers (one at the State and one at the farm level) have to be met:

[1.] The *actual State revenue* has to be lower than the *ACRE State revenue guarantee*
[2.] The *ACRE farm benchmark revenue* has to exceed the *actual farm revenue*,

where the *Actual State revenue* is calculated as:

*the actual State yield/planted acre*the greater of the national average market price and 70 percent of the loan rate*

The *ACRE State revenue guarantee* for the crop of interest, on the other hand, is calculated as:

*Ninety percent of the Olympic average of actual State yields for the past five years (which drops the lowest and the highest observation)*the average of the national price for the past two years,*

where for the period 2010-2012, the *ACRE State revenue guarantee* cannot change (increase of decrease) for more than ten percent from its previous year's value.

The *Actual farm revenue* is calculated as:

*the actual farm yield/planted acre*the greater of the national average market price and 70 percent of the loan rate*

Finally, the *ACRE farm benchmark revenue* for the crop of interest is calculated as:

*the Olympic average of actual farm yields for the past five years (which drops the lowest and highest observation)*the average national price for the past two years+the per acre insurance premium for that particular crop*

In cases when both triggers are met, the ACRE payment rate/planted acre is determined as:

the lower of the difference between the ACRE State revenue guarantee and the actual State revenue and 25 percent of the ACRE State revenue guarantee

The overall ACRE program payment is equal to:

*ACRE payment rate/planted acre*83.3 percent of the farm-specific actual (or considered) planted acres for the years 2009-2011 (85 percent in 2012 as in DPs)*the farm-specific productivity ratio,*

where the last is defined as the five-year Olympic average of the actual farm yields and the ACRE benchmark State yield. Payments are to be made starting on October 1, or as soon as the feasible marketing year has ended.

One downfall of the program is that it does not assist producers in cases when a single farm has a poor crop year when the State it is located in does not, since it is required triggers at both the farm and State level to be met in order for ACRE payments to be made. Therefore, the ACRE program cannot be confused for a farm level crop insurance protection.

LDPs/Marketing Assistance Loans: In cases when crop prices are lower than the pre-established national loan rates, farmers may apply to receive LDPs that essentially provide a price floor for covered commodities. Table 3 illustrates national loan rates for the 2008 Farm Bill. Market prices are based on 30-day average prices for the crop of interest and are referred to as posted country prices (PCPs). For rice and upland cotton only, the prevailing adjusted world prices are used instead of the posted county prices.

Table 3: 2008 Farm Bill National Loan Rates

Commodity	**2008**	**2009**	**2010-2012**
Wheat	$2.75/bu	$2.75/bu	$2.94/bu
Corn	$1.95/bu	$1.95/bu	$1.95/bu
Grain Sorghum	$1.95/bu	$1.95/bu	$1.95/bu
Barley	$1.85/bu	$1.85/bu	$1.95/bu
Oats	$1.33/bu	$1.33/bu	$1.39/bu
Long-Grain Rice	$6.50/cwt	$6.50/cwt	$6.50/cwt
Medium-Grain Rice	$6.50/cwt	$6.50/cwt	$6.50/cwt
Soybeans	$5.00/bu	$5.00/bu	$5.00/bu
Other Oilseeds	$9.30/cwt	$9.30/cwt	$10.09/cwt
Upland Cotton	$0.52/lb	$0.52/lb	$0.52/lb
ELS Cotton	$0.7977/lb	$0.7977/lb	$0.7977/lb
Peanuts	$355/ton	$355/ton	$355/ton
Graded Wool	$1.00/lb	$1.00/lb	$1.15/lb
Nongraded Wool	$0.40/lb	$0.40/lb	$0.40/lb
Mohair	$4.20/lb	$4.20/lb	$4.20/lb
Honey	$0.60/lb	$0.60/lb	$0.69/lb
Small Chickpeas	$7.43/cwt	$7.43/cwt	$7.43/cwt
Large Chickpeas	/	$11.28/cwt	$11.28/cwt
Lentils	$11.72/cwt	$11.28/cwt	$11.28/cwt
Dry Peas	$6.22/cwt	$5.40/cwt	$5.40/cwt

The total program payment for the crop of interest for the period 2008-2012 is calculated as:

LDP rate (national loan rate-PCP/ prevailing adjusted world price*)*actual farm-specific harvested acres*actual farm-specific crop yield*

As an alternative to applying for LDPs, farmers have the opportunity to participate in the marketing assistance loan program. In this case, producers are eligible to obtain a nonrecourse commodity loan for up to nine months equal to the national loan rate for each produced unit (bushel/cwt/lb). To be eligible for a loan, farmers must be in compliance with wetland and conservation regulations. Marketing assistance loans and LDPs are essentially exactly the same in cases when they are being executed on a same day. Program payment limitations are not established. Farmers, who have decided to participate in the marketing assistance loan program, have a few options to repay the loan. First, the loan can be repaid with interest in cases when the current market price is higher than the loan rate under which the loan was made. Second, the loan can be repaid at a lower rate than the original loan rate plus accrued interest if the current market price is lower than the initial loan rate under which

the loan was made. In both cases, the current market price refers to the daily PCP with exception for rice and upland cotton for which the prevailing world prices are used.

Payment Limitations: Previous farm bill legislations have been widely criticized for providing support to non-farmers through price and income safety nets. For that reason, the current legislation limits all commodity payments only to non-farmers having an adjusted gross income (AGI) lower than $500,000 (three-year average) and in many cases $1 million for married couples even if more than three-quarters of their overall joint income is from agriculture, farming or forestry.

Previous legislations have also been criticized on the basis that financial support is provided for well-to-do farmers having large scale operations. As a result, the 2008 Farm Bill limits DPs to farmers with adjusted-gross farm income (AGFI) lower than $750,000 (three-year average) and in many cases $1.5 million for married couples. However, such limit on this revenue-support program does not concern other programs such as CCPs and LDPs, for example.

As already mentioned previously, the overall joint payment restriction on DPs and CCPs is:

$40,000/individual/year+$65,000/individual/year=$105,000/individual/year

Finally, producers opting-out to voluntarily participate in the novel ACRE program have their direct payments limit decreased by 20 percent ($32,000, down $8,000 from $40,000) and CCP limit increased by $8,000 ($73,000, up from $65,000). Therefore, even after a producer voluntary decides to participate into the ACRE program, the overall limit on direct payments and ACRE payments he/she may receive is kept constant at $105,000/individual/farm ($32,000+$73,000).

The current legislation removes the “three-entity rule” of the 2002 Farm Bill. However, the 2008 Act still allows for commodity program payments to be doubled with the inclusion of a “spouse rule.” With this rule, the spouse can also receive payments up to the limit if he/she is an owner or co-owner of the farm operation’s land, capital or equipment.

How are Arkansas Producers Affected? According to USDA data, in 2009 (the last year for which data is available), 21,338 Arkansas recipients were awarded nearly $381.8 million in commodity subsidies, up from $311.3 million in 2008 that were rewarded to 21,773 recipients.[8] Table 4 summarizes such commodity subsidies awarded to Arkansas producers for the period 1995-2009, and provides a detailed payment structure by specific programs. During this 15-year period, direct payments totaled more than $1.8 billion, LDPs $982.8 million, CCPs nearly $768.7 million and marketing loan gains $453.8 million.

Direct payments in 2009 accounted for 62 percent of total commodity subsidies awarded, down from 80 percent in 2008. During the period 1995-2009, most direct payments were

[8] The USDA’s web site is available online at: www.usda.gov

awarded for rice, $1.05 billion, followed by upland cotton with $247.8 million, soybeans with nearly $128 million, and wheat with nearly $125 million. CCPs, on the other hand, accounted for 35 percent of total commodity subsidies awarded in 2009, up from 14 percent in 2008.

For the period 1995-2009, most CCPs were awarded for cotton and rice, $511.2 million and $242.3 million, respectively. LDPs accounted for just 0.5 percent of total commodity subsidies awarded in 2009, down from three percent in 2008. During the period 1995-2009, most LDPs were awarded for rice, $491 million, followed by soybeans with $254.5 million, and upland cotton with $139.6 million. Finally, marketing loan gains for the period 2007-2009 totaled just below $160,000. For the period 1995-2009, rice (farm) gains totaled $251.7 million, followed by rice (warehouse) with $130.3 million, and upland cotton (warehouse) with $52.7 million.

An on-going study by Karov, Watkins and Wailes (2011) employs the Arkansas representative panel farm framework to assess the impacts of proposals that would modify the 2008 Farm Bill given the prospects of reduced funding for the 2012 legislation due to large Federal budget deficits, relatively high crop prices and agricultural incomes, and WTO constraints. Particular attention is given to modifications to the price and income safety net of existing Title I programs. The preliminary stochastic results suggest that Arkansas rice farms are more dependent on DPs for their subsistence relative to other crop farms (e.g., cotton). Overall, this project provides valuable case studies of Arkansas panel representative farms which face significant financial stress if direct payments are eliminated. The study also explores the extent to which adjustments in loan rates and target prices might be able to offset losses in direct payments. Arkansas farms are particularly vulnerable to the loss of direct payments since the structure and rules of the ACRE program have not been attractive. Similarly, since the primary systemic risks of Arkansas farms are energy costs and product prices, there does not appear to be an adequate crop insurance product that can help Arkansas farmers easily manage these risks.

Table 4. Arkansas Commodity Subsidies (1995-2009), by Program[9]

Year	Total Commodity Subsidies	Direct Payments	Loan Deficiency Payments	Counter Cyclical Payments	Marketing Loan Gains
1995	$353,293,277	$0	$910,102	$0	$21,750,177
1996	$336,881,894	$0	$40,962	$0	$52,357
1997	$256,768,875	$0	$0	$0	$9
1998	$460,250,229	$0	$35,464,270	$0	$5,824,261
1999	$791,181,059	$0	$182,239,689	$0	$45,133,006
2000	$1,000,567,274	$0	$221,605,612	$0	$93,042,788
2001	$1,013,997,553	$0	$230,671,978	$0	$55,783,666
2002	$698,290,959	$19,559,540	$104,629,625	$18,531,189	$102,070,647
2003	$880,885,856	$309,723,469	$124,526,863	$260,133,664	$63,770,283
2004	$463,164,347	$255,205,928	$31,799,712	$76,848,159	$17,600,986
2005	$480,917,991	$253,886,694	$35,363,002	$79,518,631	$26,899,214
2006	$436,979,153	$250,203,561	$5,116,580	$125,730,036	$21,669,415
2007	$402,776,038	$247,973,583	$679,533	$82,859,346	$144,532
2008	$311,306,814	$249,463,957	$7,928,664	$43,050,650	$0
2009	$381,763,149	$236,433,973	$1,795,535	$82,000,218	$15,337
Total	$8,269,024,468	$1,822,450,705	$982,772,127	$768,671,893	$453,756,678
Share	100%	22%	12%	9%	5%

[9] Some of the other programs that account for a great share of Arkansas commodity subsidies during this period are: "Production Flexibility Contracts;" "Total Commodity Certificates;" and "Market Loss Assistance Payments."

Title II: Conservation

The title's provisions pertain to working land conservation by an increased funding for the **Environmental Quality Incentives Program (EQIP)** and the **Conservation Stewardship Program (CSP)**, which replaces the **Conservation Security Program (CSP)**. Starting on October 1, 2009, the **Conservation Reserve Program's (CRP's)** acreage cap is reduced. With the expansion of the **Wetland Reserve Program (WRP)**, the **Farmland Protection Program (FPP)** and the **Grassland Reserve Program (GRP)**, a strong support for wetland restoration and farmland preservation is granted. Overall, the current legislation increases Federal spending on conservation programs by $7.9 billion.[10]

Compliance Mechanisms: To remain eligible for certain Federal farm benefits, producers must meet conservation requirements related to highly-erodible land in crop production. The previous legislation's "good faith and without an intent to violate the law" provision is to be reviewed by the United States Department of Agriculture's (USDA's) State Executive Director (Farm Service Agency (FSA)) with technical concurrence of the State Conservationist (Natural Resources Conservation Service (NRCS)) or by the district director (FSA) with technical concurrence of the area conservationist (NRCS). Penalties commensurate with the violations' significance may be imposed by Secretary of Agriculture.

Producers draining wetland to prepare it for crop production may also be denied certain Federal farm program benefits. The previous legislation's "good faith and without an intent to violate the law" provision is also to be reviewed by the previously mentioned authorities.

CRP: Through this program, farmers are offered annual rental payments (on a per acre basis) on eligible land as well as cost-share assistance to develop long-term conservation covers such as trees and grass. Required program contracts start from a minimum of ten to a maximum of 15 years. The current legislation authorizes the **CRP** through fiscal year 2012 with a start date on October 1, 2009. Program acres are reduced to 32 million, down from 39.2 million acres under the previous legislation. The land eligibility requirements are modified. For example, the land cropped in four of six years prior to 2008 is now eligible (and not 2002 as in the previous legislation). In addition, alfalfa, lentils and other multi-year grasses are now considered agricultural commodities in a rotation practice approved by Secretary of Agriculture. A local-preference criterion is included when considering **CRP** offers. The new legislation allows for the cropland limit (25% of the total county cropland to be enrolled in the **CRP** and the **WRP**) to be waived in certain instances. Annually, Secretary of Agriculture is required to survey the county average dryland and irrigated market rental rates. A novel routine grazing authority is authorized. Novel cost-share payments are authorized for trees, wildlife corridors, windbreaks and shelterbelts for thinning to improve the resources condition on the land. For the fiscal years 2009-2012, $100 million in funding is authorized for such payments. Finally, a special treatment of **CRP** land being transferred from a retiring farmer/rancher to a beginning/socially-disadvantaged farmer/rancher is outlined. For the fiscal years 2009-2012, a total of $25 million in funding is authorized to assist such land transitions.

[10] The House Committee on Agriculture provides an excellent fact-sheet for the conservation title. Available online at: http://agriculture.house.gov/farmbill/fact-sheet/title2factsheet.pdf

The 2008 Farm Bill retains the authority relating to the **CRP: General Signup** for whole fields or farms, as well as for the **CRP: Continuous Signup** for high-priority practices which were enforced under the previous legislation. The current legislation also extends authority for the **CRP: Conservation Reserve Enhancement Program (CREP)**. This joint Federal-State program is focused on agricultural issues of an environmental character at both the State and Federal level. Authority is also continued for the **CRP: Emergency Forestry Conservation Reserve Program**. Finally, the **CRP: Farmable Wetlands Program (FWP)**, which allows farmed wetland acres to be enrolled in the **CRP**, is extended through the fiscal year 2012. Subject to a review by Secretary of Agriculture, the maximum acreage per State may be increased to 200,000 acres, up from 150,000 under the previous legislation. Land eligibility for the program in some instances is also expanded.

WRP: The main program objective is to restore wetlands wildlife habitat. Through this program, Secretary of Agriculture may purchase permanent or long-term easements as well as provide cost-share assistance to farmers who have agreed to restore wetland on an agricultural land. Through the fiscal year 2012, the current legislation enhances the **WRP** area cap to 3.041 million acres, up from 2.275 million acres under the previous legislation. The current legislation adds 30-year contract for Indian tribes and forbids land enrollment if ownership has changed during the previous seven years (some exceptions apply). The acreage limitation requires that in addition to the total program cap set under the 2002 Farm Bill, **WRP** easements are not to be greater than ten percent of the county's farmland acreage. The eligible land for program enrollment is increased to include cropland or grassland that has been used for agricultural production prior to being flooded by natural overflow of pothole or a closed basin lake. The considerations by Secretary of Agriculture when evaluating landowner offers are revised and outlined in the 2008 Farm Bill (e.g., cost-effectiveness, environmental benefits). The program easement payments must not be greater than the lowest value of: the fair market land value (established by Secretary of Agriculture); the geographical cap (also established by Secretary), and the landowner's offer. Payments exceeding $500,000 are to be paid in 5 to 30 annual installments (with some exceptions), and payments lower than $500,000 are to be paid in 1 to 30 such installments. Total restoration cost-share payments are limited to $50,000/year/person or legal entity (directly or indirectly). The novel **Wetland Reserve Enhancement Program (WREP)** is created, which provides the possibility for entities including States, State agencies, non-governmental organizations (NGOs), and tribes to partner with the USDA to select and fund contracts which satisfy **WRP** purposes. A pilot project under **WREP** is authorized that permits landowners to retain grazing rights when that is consistent with the long-term wetland protection and enhancement objectives. Finally, no later than January 1, 2010, Secretary of Agriculture is required to submit a report examining the impacts of the long-term nature of easements on USDA resources.

EQIP: The program provides incentive and cost-share payments as well as technical assistance to help livestock and crop producers with conservation and environmental enhancements on agricultural production-employed land. The current legislation increases authorized CCC funding for the program to $7.25 billion for the fiscal years 2008-2012, up from $4.92 billion for the fiscal years 2002-2007. The Regional Equity provision still applies and requires five percent of the funds to be awarded to beginning farmers and socially-disadvantaged producers. The program's purpose is revised to "promote agricultural production, forest management, and environmental quality as compatible goals." A new provision authorizes payments for organic production conservation practices limited at $20,000/year or $80,000 for each six-year period. Cost-sharing is expanded to include forest and land management practices and conservation nutrient management plan establishment. Payments for any practice are limited to 75 percent of the total practice costs and to 100 percent of the foregone income due to the practice establishment. Cost-share rates for beginning, limited-resource, and socially-disadvantaged farmers and ranchers are at least 25 percent greater than typically applicable rates (up to 90 percent). The same group of producers is eligible for advanced payments of up to 30 percent. During any six-year period, aggregate **EQIP** payments are limited to $300,000/individual or legal entity or up to $450,000/individual or legal entity for projects of significant environmental contribution. Finally, the program applications ranking criteria is revised.

In terms of conservation innovation grants, the current legislation adds forest management and projects that increase potential conservation efforts by specialty crop producers to the list of activities eligible for grant funding. In addition, the Federal share of the project costs is no longer capped at 50 percent as under the 2002 Farm Bill. Finally, for producers addressing air-quality concerns through innovative technologies and cost-saving methods, $37.5 million of **EQIP** funds annually are authorized for the fiscal years 2009-2012. Overall, there is no cap on the competitive portion of conservation innovation grants.[11]

For the fiscal years 2009-2012, $280 million CCC funding is mandated for the **Agricultural Water Enhancement Program** (previously known as the **Ground and Surface Water Conservation (GSWC) Program**). Under the current legislation, the program includes water quality on agricultural lands and Secretary of Agriculture may enter in an agreement with partners such as State/local governments and producer associations to address this issue. The program awards priority to activities suggested by the producers as mandated by **EQIP** requirements. Finally, program payments awarded (sufficient to achieve the program's objectives) are to be made for five years under partnership agreements in States having water quantity issues.

CSP: Agricultural producers are provided with payments by the new **CSP** in order to maintain or adopt land-based and conservation management structural practices focusing on at least one resource of interest (e.g., water, soil, and wildlife habitat). Already existing contracts under the preceding **CSP** are allowed to continue, but no new contracts are to be initiated after September 30, 2008. For the fiscal years 2009-2012, the new **CSP** is authorized with acreage enrollment into the program being permitted through 2017. Secretary of Agriculture is mandated to enroll 12.77 million acres annually at a mean cost of $18/acre/year. Five percent of the total acres available must be awarded to beginning farmers and socially-disadvantaged producers. Non-industrial private forest land is eligible, but it must not account for more than ten percent of the total land enrolled in a given year. A new provision requires acreage to be allocated to the States based on each State's proportion of the national eligible program acres while considering each State's conservation needs and the extent to which the program may address such issues. The current legislation outlines farmer contract offer details for the **CSP** (e.g., contracts are to be five years in length and may be

[11] This information was sent to the authors by Mr. Gregorio Cruz, National Conservation Innovation Grants Program Manager, by e-mail on June 21, 2011.

renewed for an additional five-year period). A new provision requires Secretary of Agriculture to endorse producer organic certification during their **CSP** participation. Finally, under the **CSP**, producers may receive payments for: adopting conservation practices; managing, maintaining and increasing conservation activities; and adopting resource-conserving crop rotations. Payment amounts depend on multiple conditions (e.g., farmer opportunity costs in terms of income received, expected environmental improvements), and the total program payments are limited to $200,000/legal entity or person during a single five-year period.

Wildlife Habitat Incentives Program (WHIP): The program authorizes cost sharing and technical assistance for wildlife habitat development and improvement. The 2008 Farm Bill re-authorizes the program through the fiscal year 2012 with CCC funding of $85 million/year. As a comparison, for the fiscal years 2002-2007, **WHIP** expenditures totaled $213 million. The current legislation increases the cap on long-term agreements (at least 15 years in length) to 25 percent of the total funding, up from 15 percent under the 2002 Farm Bill. It gives priority to projects addressing national, regional and State conservation initiatives. Finally, the program payments are limited to $50,000/year/individual while the program participation is limited to private agricultural lands, tribal lands and non-industrial private forest land.

Conservation of Private Grazing Lands (CPGL): The **CPGL Program**, which authorizes educational/technical aid for conservation as well as private grazing lands improvement (including sustainable grazing practices-rotational grazing, for example), is re-authorized through the fiscal year 2012. For the fiscal years 2002-2007, appropriations of $60 million annually were authorized. However, funding for the program was not appropriated.

Agricultural Management Assistance Program (AMA): States underserved by the Federal crop insurance agenda are assisted by the **Agricultural Management Assistance Program**. Each year, up to $15 million in CCC funding is made available for conservation programs. As a comparison, for the fiscal years 2002-2007, $29.2 million in CCC funding was provided. The current legislation adds Hawaii to the list of eligible States for the program. Fifty percent of the funding is allocated through the NRCS, 40 percent through the Risk Management Agency (RMA), and ten percent through the USDA's Agricultural Marketing Service (AMS).

Emergency Conservation Program (ECP): The current legislation continues the **ECP** which assists agricultural producers to rehabilitate natural-disaster damaged farmland. During the fiscal years 2002-2007, a total of $363 million was awarded to farmers through this program.

Technical Assistance (TA): **Conservation Technical Assistance (CTA)** grants services and technical advice to farmers who adopt conservation practices, but lack the financial support from alternate USDA agendas. For the fiscal years 2002-2007, total funding of $4.14 billion was authorized. The current legislation authorizes annual appropriations, and defines technical assistance to incorporate expertise, information, and instruments required for natural resources and for land (active in agriculture-related uses) conservation. Secretary of Agriculture is required to provide technical assistance to all participants in conservation programs who are employing relevant practices either through producers, a third party or directly by USDA staff. Mandatory CCC funding for delivering such assistance is granted. To the maximum extent possible, Secretary of Agriculture is also mandated to be certain that:

proper conservation practices and resource-mitigation tools are available to specialty-crop, organic and precision agriculture farmers; specialty-crop, organic and precision agriculture are included in standards of conservation practices; satisfactory technical assistance is available for conservation practices implementation for specialty-crops, and organic and precision agriculture.

Agricultural Land Preservation Programs: Through the **Farmland Protection Program**, previously known as the **Farm and Ranchland Protection Program**, funding for eligible entities (State/local governments, tribes and non-profit organizations (NPOs)) is provided to assist with the purchase of easements that would prevent non-farm development on productive farmland. For the fiscal years 2008-2012, $743 million in funding is provided. The program is continued to be subject to the Regional Equity provision. The Federal share cap continues to be set at 50 percent of the appraised easement fair market value. Finally, the share of the cooperating entity must be at least 25 percent of the purchase value.

Through the **Grassland Reserve Program (GRP)**, owners are provided with easements and long-term rental agreements. The objective is to restore grassland and to conserve virgin grassland while maintaining areas for production of hay and livestock grazing. During the fiscal years 2009-2012, 1.22 million additional acres are authorized for program enrollment. Even though CCC funding is authorized, it is not explicitly constrained. As a comparison, for the fiscal years 2003-2006, $217 million in CCC funding was provided. Thirty-year easements and rental agreements are no longer available as in the 2002 Farm Bill. The current legislation requires that to the extent possible, 60 percent of the program funds be used for easements. Restoration cost shares are capped at 50 percent, down from 75 percent and 90 percent under the 2002 Farm Bill for restored grassland and virgin grassland, respectively. In addition, a novel provision limits the rental payments and the restoration cost-share assistance distinctively to $50,000/entity or person/year.

Watershed Programs: For the fiscal years 2009-2012, a total of $188 million in CCC funding is directed for the **Chesapeake Bay Watershed Conservation Program**. Producers are to be assisted by Secretary in activities execution for water quality and quantity enhancement, as well as in restoration, improvement and preservation of soil, air, and related resources in the Chesapeake Bay Watershed. Conservation activities are to accompany already existing Federal and State agendas. For the **Small Watershed Rehabilitation Program**, $100 million in CCC funding is authorized for the fiscal year 2009 until spent. For the fiscal years 2008-2012, annual appropriations of $85 million are authorized. Appropriation of funding as necessary for the **Resource Conservation and Development Program (RC&D)** are re-authorized. The **Great Lakes Basin Program** for soil erosion and sediment control is re-authorized. As under the previous legislation, appropriations of $5 million/year are authorized for the fiscal years 2008-2012. The nationwide **Grassroots Source Water Protection Program** is re-authorized. For the fiscal years 2008-2012, annual appropriations are increased to $20 million, up from $5 million under the previous legislation. Secretary is mandated to transfer $175 million CCC funds to the Bureau of Reclamation in order to supply water for natural desert terminal lakes exposed to risk. In cases when there are willing sellers, funding may be employed to either purchase land or lease water land, water appurtenant to the land, or other related interests in the Walker River Basin. Finally, the current legislation does not re-authorize the **Conservation Corridor Demonstration Program**.

Market-Based Incentives for Conservation: Secretary of Agriculture is directed to create technical guidelines for evaluation of environmental services resulting from land management activities such as conservation. The objectives are to establish: a methodology for measuring the benefits of environmental services; regulations pertaining to reporting such environmental services benefits; registry to gather, document and preserve benefits-related information. Priority is to be given to developing carbon market participation-related guidelines. In addition, guidelines are to be created for a process confirming producers have actually executed land management activities being previously reported in the registry. In such verifications, the role of third parties is to be considered.

Cross-Program Provisions: The current legislation demands that each State receives at least $15 million/year through the **EQIP**, the **FPP**, the **GRP**, and the **Wildlife Habitat Incentives Program**. Under the partnerships and cooperation provision, Secretary of Agriculture is mandated to enter into an agreement with other entities (e.g., State/local agencies, Tribes) in order to address conservation issues contained in the 2002 Farm Act. A new **Voluntary Public Access and Habitat Incentive Program** assist States and tribal governments with grants to promote enterprises to provide public access for wildlife-dependent recreation. Through this program, for the fiscal period 2009-2012, up to $50 million CCC funds can be distributed. Secretary of Agriculture must use ten percent of **EQIP** funds for beginning and socially-disadvantaged farmers and ranchers (five percent/group). In addition, ten percent of the available **CSP** acres are to be used for beginning and socially-disadvantaged farmers and ranchers (five percent/group). A streamlined application review process by Secretary for conservation programs is encouraged. Incentives are provided for socially-disadvantaged farmers and ranchers, beginning farmers and Indian tribes for participation in conservation programs. The acreage enrollment limitation as a share of the total county crop land is removed for the **CRP** and **WRP** if an agreement is reached with the county government. A new provision mandates Secretary of Agriculture to establish systems for compliance and performance monitoring of conservation programs. Finally, to assist pollinators, Secretary of Agriculture may promote the establishment of pollinator habitat and the employment of conservation practices.

Miscellaneous Conservation Programs and Provisions: The policy of personal information privacy pertaining to natural resource conservation programs collected by Secretary for the purpose of providing producers with financial and technical assistance is extended. The current legislation establishes the **Agricultural Conservation Experienced Service Program (ACES)**. Through the program, people 55 years old and older can be engaged in providing technical assistance in conservation programs. The 2008 Farm Bill amends **the Soil and Water Resources Conservation Act (RCA)** of 1977 to demand supplementary data on economic matters, conservation plans and practices, and other conservation program-related information. Concurrent **RCA** appraisal evaluations as well as existing conservation program evaluations are required and are due by no later than 2011 and 2016. Finally, the **Colorado River Basin Salinity Control Act** is amended to establish the **Basin States Program**. This program clarifies the authority of the Bureau of Reclamation to manage the financial assistance for activities relating to salinity control in the Colorado River Basin.

How are Arkansas Producers Affected? As Table 1 illustrates, during the period 1995-2009, Arkansas producers were awarded a total of $361.5 million in conservation payments. **CRP** payments accounted for 46 percent (nearly $167 million) of the total conservation payments received during this period, followed by **EQIP** payments with 24 percent ($86.8 million), and total **CSP** payments with 17 percent (nearly $62 million). Other programs accounted for a much smaller share of the total conservation payments awarded to Arkansas producers: the **ECP** accounted for four percent, for example, the **WRP** for three percent, the **WHIP** for 0.6 percent and the **GRP** for 0.2 percent. In 2009, the last year for which data is available, **CRP** payments totaled $15.5 million, up from $14.3 million in 2008 and $14.7 million in 2007. **EQIP** payments for 2009, on the other hand, totaled $14.6 million, an increase of nearly $2.9 million relative to 2008 and 2007. Payments awarded for all other conservation programs in 2009 jointly totaled nearly $11 million. Overall, the 2008 Farm Bill limits conservation payments to individual producers having an average non-farm adjusted gross income (AGI) of less than $1 million. The only exception is when more than 75 percent of the individual's total average AGI is farm income.[12]

Table 1. Arkansas Conservation Payments (1995-2009), by Program (in 1,000 $)

Year	1/	2/	3/	4/	5/	6/	7/	8/	9/	10/	11/
1995	$17,385	$12,001	$0	$0	$31	$0	$1,323	$3,301	$0	$0	$ 697
1996	$14,522	$11,669	$321	$0	$25	$0	$0	$2,507	$0	$0	$0
1997	$14,538	$11,368	$1,658	$0	$16	$0	$0	$1,495	$0	$0	$0
1998	$11,608	$8,203	$2,571	$0	$84	$0	$0	$750	$0	$0	$0
1999	$10,711	$6,639	$3,589	$0	$14	$0	$0	$469	$0	$0	$0
2000	$11,280	$6,675	$2,357	$0	$384	$0	$1,827	$38	$0	$0	$0
2001	$18,327	$7,958	$2,436	$0	$1,621	$1,115	$5,186	$10	$0	$0	$0
2002	$14,185	$8,608	$2,736	$0	$1,194	$1,305	$340	$0	$0	$0	$0
2003	$16,903	$10,019	$3,644	$0	$908	$2,284	$46	$0	$0	$0	$0
2004	$20,671	$12,888	$4,283	$0	$277	$3,158	$19	$0	$0	$46	$0
2005	$39,632	$12,804	$10,057	$15,330	$499	$593	$25	$0	$195	$129	$0
2006	$46,052	$13,636	$15,024	$14,391	$1,825	$560	$13	$0	$360	$243	$0
2007	$41,241	$14,683	$11,713	$12,332	$603	$1,278	$0	$0	$433	$197	$0
2008	$43,278	$14,343	$11,693	$16,101	$99	$495	$0	$0	$422	$125	$0
2009	$41,194	$15,458	$14,601	$3,822	$5,674	$904	$0	$0	$734	$0	$0
Total	$361,527	$166,952	$86,683	$61,977	$13,256	$11,693	$8,779	$8,570	$2,145	$740	$697
Share	100%	46%	24%	17%	4%	3%	2%	2%	1%	0%	0%

1/ Total Conservation Payments; 2/ Conservation Reserve Program; 3/ Environmental Quality Incentives Program; 4/ Total Conservation Security Program; 5/ Emergency Conservation Program; 6/ Wetlands Reserve Program; 7/ Miscellaneous Conservation Payments (includes the Pasture Recovery Program, the Arkansas Beaver Lake Conservation, the Forestry Incentive Program, the Soil And Water Agricultural Assistance Program, and the Automated Conservation Long Term); 8/ Agricultural Conservation Program; 9/ Wildlife Habitat Incentives Program; 10/ Grassland Reserve Program; 11/ Water Bank Program.

Source: USDA

[12] USDA's Economic Research Service (ERS) provides a more detailed overview of 2008 Farm Bill program payment limitations. Available online at:
http://www.ers.usda.gov/amberwaves/november08/Findings/NewPayment.htm

According to the latest monthly **CRP** acreage report published by the USDA's FSA (March 25, 2011), there are 237,167.9 active **CRP** acres in the State of Arkansas. At the national level, on the other hand, there are 30,784,619 active **CRP** acres. On August 30, 2011,

12,665.3 Arkansas **CRP** acres will expire as well as 33,655.5 acres in 2012.[13] Data from the same report published on August 30, 2009 shows there were 5,627 **CRP** contracts in the State of Arkansas with an average rental rate/acre of $54.41. Counties with most **CRP** contracts at the time the report was published in the State of Arkansas included: Jefferson (455), White (452) and Lonoke (332).[14] Overall, from a total of 75 counties in the State of Arkansas, 65 had at least one **CRP** contract.

[13] This latest report by the USDA/FSA is available online at:
ftp://ftp.fsa.usda.gov/crpstorpt/rmepegg/MEPEGGR1.HTM

[14] Data in some instances is not available due to privacy restrictions required by the Farm Security and Rural Investment Act of 2002.

Title III: Trade

The Intermediate Export Guarantee Program (GSM-103), the **Supplier Credit Guarantee Program (SCGP)** and the **Export Enhancement Program (EEP)** are repealed. Non-emergency food assistance funding is increased, and a pilot project focusing on local and regional food assistance purchase and distribution in food security crises is initiated. Mandatory funding for the **McGovern-Dole International Food for Education and Child Nutrition Program** is authorized.

Food for Peace Act (P.L. 480): Title I permits for government-to-government concessional sales of United States (US) agricultural commodities to developing countries on grant or loan terms. Title II allows donation of US commodities to foreign countries to assist with food needs. Title III provides for donation of US commodities to least-developed countries' (LDCs) governments to be sold to promote economic development programs.

The market development for US agricultural commodities objective (under the previous legislation) is removed to display recent program actions. The commercial development potential as a requirement in choosing country recipients is removed as well. Potential recipient countries are also not to be required to submit market development plans. Finally, local currency earned in foreign countries as a result of commodity sales is not be used for US commodity market development, but for trade capacity development instead.

Requires funding for administrative assistance, internal transport and distribution costs of sponsoring agencies to be between 7.5 and 13 percent of the total annual Title II program funding. A portion of such funds is to be used for food assistance quality evaluation and enhancement. For the fiscal years 2009-2011, a total of no more than $4.5 million is authorized from funds available for program supervision and evaluation. The requirement that at least 2.5 million metric tons (mmt) of US commodities to be made available annually for food assistance with 1.875 mmt of this amount used for non-emergency assistance is continued. Moreover, starting in the fiscal year 2009, $375 million annually is available to be increased by $25 million each next year until 2012 for non-emergency assistance. Such a rule can be waived by the President in cases of US food emergencies. Appropriations of up to $2.5 billion annually are authorized for food aid programs (Title II), in addition to authorized funding as necessary for concessional credit sales program (Title I) and bilateral grants program (Title III).

The Food Aid Consultative Group's (FACG) role as a governing body of regulations pertaining to food aid programs is continued until December 31, 2012. Adds maritime sector representatives involved in commodity transportation in addition to other groups including domestic producers and foreign non-government organizations (NGOs).

Program supervision (such as in-country monitoring) and evaluation is required. Food aid impact assessments, best practices identification and implementation, famine-preventing mechanisms and information technology (IT) system upgrades are also required. Moreover, an implementation report on oversight activities for non-emergency programs within six months of the enactment of the 2008 Farm Act and a review of these activities by the Government Accountability Office within nine months is also required. For the fiscal years

2009-2011, up to $22 million Title II funds are to be used for activity supervision with $2.5 million used for IT system upgrades and up to $8 million for a famine-warning mechanism in cases when at least the same amount for the same purpose is authorized under the 1961 Foreign Assistance Act.

Annual appropriations of up to $8 million are authorized to assist with the preparation, stockpiling and delivery of long shelf-life pre-packaged foods. Such foods are to be used for non-profit, voluntary and international organization grants.

The 2002 Farm Bill disallowed foreign food aid donations if Secretary had decided such assistance would decrease the domestic supply below the levels required. The current legislation does not re-authorize this requirement.

Through the fiscal year 2012, funding is re-authorized to purchase, accumulate and transport commodities for prepositioning domestically and internationally with expenditures for prepositioning in foreign countries being increased to $10 million (up from $2 million in the previous legislation). Funding is also authorized to evaluate the costs and possibilities of creating other prepositioning sites abroad, and to establish such sites if needed.

Amendments to Agricultural Trade Act of 1978 and Related Statuses: The **GSM-103**, the **SCGP** and the **EEP** are repealed. The **Export Credit Guarantee Program (GSM-102)** is renewed with a budget of $40 million annually through the fiscal year 2012 and an ability to carry-over unused budget funds from the preceding years. The one percent origination fees limitation charged on each transaction is removed. Credit repayment guarantees of $5.5 billion annually remain authorized subject to feasibility under budget authority. Finally, a provision requiring at least 35 percent of credit guarantees to be used for processed or high-value agricultural products export promotion is not extended.

The **Market Access Program (MAP)**, which focuses on providing cost-share funding for foreign markets expansion for agricultural products, is re-authorized with $200 million in Commodity Credit Corporation (CCC) funding available annually. These funds are to be used for technical assistance, market research and domestic value-added products support. Participating organizations include private enterprises, regional trade groups and non-profit organizations (NPOs).

The **Foreign Market Development Program (FMD)**, which provides cost-share funds for establishing, maintaining and expanding foreign markets for US agricultural goods while mainly serving US trade associations, is continued. CCC funding of $34 million is re-authorized at 2002 fiscal year levels. The emphasis on value-added agricultural exports to emerging markets is retained.

The **Food for Progress (FFP) initiative** administered by Secretary authorizes donation or credit sale of US agricultural commodities to developing countries through various organizations to promote democracy and private enterprise development. Annual administrative and non-commodity costs are limited to $15 and $40 million, respectively (retaining 2002 fiscal year levels). The initiative authorizes at least 400,000 tons of US commodities annually to be shipped abroad. In the fiscal year 2009, at least one multi-annual project is to be authorized in Malawi. The objectives include promoting sustainable agriculture and women empowerment. The project is to be completed using at least $3 million worth of US commodities.

The **McGovern-Dole International Food for Education and Child Nutrition Program** governed by Secretary was created by the 2002 Farm Act. Its goals include child development, education support and achieving food security for some of the poorest children globally. The donations include financial and technical assistance, as well as US commodities and are distributed through entities including governments, voluntary organizations and cooperatives. The 2002 Farm Bill provisions authorized $100 million CCC funding in the fiscal year 2003 to remain available until spent. In addition, appropriations were authorized for the fiscal years 2002-2007. The current legislation re-authorizes appropriations through the fiscal year 2013. Additional $84 million CCC funding is authorized and is made available until spent.

Miscellaneous Trade Provisions: The **Bill Emerson Humanitarian Trust** governed by Secretary represents a cash and US commodities reserve. Such resources may be used by the **P.L. 480 program** in cases of unexpected food crises in developing countries. CCC reimbursement for Trust funds for commodities, transportation and storage expenditures are re-authorized. The size of the reserve limit is removed (four million metric tons equivalent of any funds/commodities combination). Upon determination by the United States Agency for International Development (USAID) that emergency need reserves (under **P.L. 480** Title III) are insufficient, Trust reserves are to be made available immediately.

The USAID Administrator is mandated to provide endowment funds for the **Global Crop Diversity Trust** to support food crop genetic diversity conservation by germplasm collection and storage. For the fiscal years 2008-2012, appropriations of $60 million are authorized. However, US contributions to the trust must not exceed a quarter of all trust funds contributed.

The **Technical Assistance for Specialty Crops (TASC) Program** is continued with $4, $7, $8, and $9 million CCC funding available for the fiscal year 2008, 2009, 2010, and 2011-2012, respectively. The goal is to assist private and public entities to meet sanitary and phytosanitary (SPS) measures and other non-tariff trade barriers prohibiting specialty crop exports.

Emerging Markets and Facility Guarantee Loan Programs promote exports to target markets abroad by funding technical assistance activities for private and public parties. CCC guarantees are also issued to help build agricultural capacities (e.g., sea ports, warehouses). The current legislation re-authorizes Export Credit Guarantees usage to assist foreign target markets development. Credit guarantees and the loan program are expanded to permit for long-term loans of up to 20 years. Also allows for the “US inputs used in construction” requirement to be waived in cases where that is not practical.

The “**Consultative Group to Eliminate Use of Child Labor and Forced Labor in Imported Agricultural Products**” is created to submit recommendations pertaining to principles decreasing the probability that US agricultural imports are not produced using such input.

Through cooperative agreements and grant awards, Secretary is mandated to support local and regional eligible commodity purchases to assist in cases of disasters and food crises. To the extent possible, directs food aid not to increase low-income consumers' expenditures in cases where such buyers purchase commodities from markets at which eligible program commodities are also purchased. Moreover, program purchases are not to negatively affect producers (and the economy) of relief-recipient countries or countries from which eligible commodity procurements were made. CCC funding of $5 and $25 million is authorized for the fiscal years 2009/2012 and 2010/2011, respectively. Within a month of the 2008 Farm Act ratification, Secretary is mandated to initiate a study focusing on previous related food aid projects conducted by other parties (e.g., the United Nations World Food Program, voluntary organizations, donor countries) to be completed within a three-month period. By November 1, 2011, all field projects are to be assessed by independent parties.

Softwood Lumber Importer Declaration Program: With the program establishment by the United States Department of Agriculture (USDA), US importer firms are mandated to report lumber imports. The objective is import data to be obtained, validated and merged to implement the US-Canada Softwood Lumber Agreement.

How are Arkansas Producers Affected? Rice is one of the many US commodities promoted internationally through funding provided by the **MAP**. In the fiscal year 2010, the USA Rice Federation/U.S. Rice Producers Association was allocated a total of $3.8 million through this program. This is down from $4.6 million in both 2009 and 2008 fiscal years.[15]

According to the USDA's Foreign Agricultural Service (FAS), under the **FFP initiative** in the fiscal year 2010, more than $145 million were donated and such donations will benefit more than 3.4 million people in Africa, Asia, the Middle East and Latin America. This is down from $212 million donated under the initiative in the fiscal year 2009 which have affected nearly 7.6 million people in the same regions. 2010 allocations include more than 204,000 metric tons of rice, soybean oil, soybeans, soy flour, tallow, vegetable oil, wheat and yellow corn. As the leading US rice producer, Arkansas and its producers are likely to be affected. These commodities are to be purchased in the US and then donated by the USDA abroad. Potential recipients include non-profit organizations, governments, and cooperatives among others. As part of the **FFP initiative**, in 2009, funding for two projects in Malawi was allocated totaling more than $30 million and affecting nearly 2.5 million people.[16]

An October, 2010 article by Agjournal.com reports that the USDA donated 11,000 tons of rice, lentils, yellow peas and vegetable oil with a total value of more than $21 million to Haiti and Afghanistan under the **McGovern-Dole International Food for Education and Child Nutrition Program**. This donation affects 390,000 children in the recipient countries.[17] Currently, under this program, there are 30 actively funded projects in countries such as Angola, Ethiopia, Uganda and Rwanda among others. In the fiscal year 2010, a total of $166

[15] More data for the **MAP** is available online at the USDA/FAS web site: http://www.fas.usda.gov/info/factsheets/mapfact.asp
[16] More information for the **FFP initiative** is available online at: http://www.fas.usda.gov/excredits/FoodAid/FFP/foodforprogress.asp
[17] The full article is available online at: http://www.agjournalonline.com/news/x835153538/USDAs-McGovern-Dole-International-Food-for-Education-Program-Expected-To-Feed-Nearly-400-000-Children-in-Haiti-and-Afghanistan

million were donated under the program affecting 4.9 million children. This is up from nearly $100 million donated in the 2009 fiscal year.[18] Since rice is one of the agricultural commodities typically donated through the program, Arkansas producers are likely affected.

[18] More in-detail information about the program is available on the USDA/FAS web site: http://www.fas.usda.gov/excredits/FoodAid/FFE/FFE.asp

Title IV: Nutrition

The key provisions pertain to the Food Stamp Program (FSP)/Supplemental Nutrition Assistance Program (SNAP). Other programs covered include Emergency Food Assistance, Fresh Fruit and Vegetable, and Senior Farmers' Market Nutrition. Promotion of locally-grown healthy foods, proper eating habits, and issues including obesity are addressed.

FSP/SNAP: Starting October 2008, the Food Stamp Program is renamed the Supplemental Nutrition Assistance Program, with appropriations authorized through fiscal year 2012. The procedure to determine program benefits in the previous legislation was based on factors such as number of individuals/household and household income. These procedures are retained. For fiscal year 2009, the standard deduction linked to inflation-indexed poverty guidelines is re-authorized. However, for the District of Columbia (DC) and the 48 mainland States, the minimum standard deduction is increased to $144, up from $134 in previous legislation. For fiscal year 2010 and afterwards, an annual indexation of standard deduction is required based on increases in living costs. The previous legislation's $10 minimum allocation directive for one or two-person households is replaced with an allotment of eight percent of the maximum benefit for a single-person household. The limit on the household's dependent care costs amount which may be deducted from household's gross income for determination of benefits and eligibility is removed. Based on combat zone deployment, bonus program payments received by Armed forces members are to be eliminated from consideration in determination of program benefits and eligibility, but only in cases when members have not being rewarded payments just before deployment.

The income eligibility limit is re-authorized with only households having gross income less than 130 percent of the poverty guidelines and net income less than 100 percent being eligible. Asset limits are also retained with only households having total of $2,000 in countable assets or $3,000 if a household member is 60 years of age or older or is a disabled individual. Inflation adjustments rounded to the nearest $250 of asset limits are evaluated on an annual level. Retirement and educational tax-eligible savings accounts are eliminated from financial resources included in asset limit calculation. Eligibility reinstated by previous legislation for legal immigrants, including individuals receiving disability benefits, legal immigrant children regardless of date of entry and individuals who have been in the US for five consecutive years, is continued.

The program is jointly administered by the United States Department of Agriculture's Food and Nutrition Service (USDA/FNS) and State and local welfare agencies. The provisions outlining income and resource definitions as ones defined under Temporary Assistance to Needy Families (TANF) or Medicaid for program simplification purpose is continued. Simplified reporting is extended to all households (now including groups of households such as the elderly, homeless, disabled and migrant). Such reporting allows freezing of household benefits for six months, with households required to report only those modifications in household characteristics that increase respective incomes above 130 percent of the poverty level. The previous five-month State option of transitional food stamp benefits for low-income families leaving Federally-funded welfare programs to include families with children is expanded. Finally, States are directed to create a system allowing eligible citizens to apply through a recorded agreement by telephone. This process must possess protection mechanisms addressing issues such as identity theft, program misuse and privacy attacks. Moreover, individuals are to still be eligible to apply in writing, and in cases of telephone

applications must receive a written copy of the application including an error–fixing tutorial with the date of application being the verbal assent date.

Nutrition education-related activities are made a specific legislation component. States are provided with discretion to implement such educational programs for program benefit-eligible or receiving citizens. The non-Federal matching funds requirement is continued. Funding of $20 million is authorized for a pilot study to encourage households to purchase healthy foods. In addition, for fiscal years 2008-2012, funding is made available to create and test strategies for employing a program for health and diet enhancement among eligible population, and decrease diet disorders such as obesity. Pilot project evaluations by independent parties are required. Subject to appropriations availability, annual grant awards with a goal to increase program access and simplify program applications are continued.

Electronic Benefit Transfer (EBT) debit cards are recognized as a mandatory medium for accessing program benefits (with some exceptions) at retail food stores with interchange fees not being charged for such transactions. Within a year of the ratification, States are mandated to create methods for withdrawing benefits from inactive accounts. Starting October 2008, dividing household monthly benefits into multiple account contributions is forbidden, with exception of cases where electronic benefit modification is required. In addition, starting October 2008, cases where the Secretary of Agriculture can forbid a State agency from recovering of excess electronic benefits paid to households due to system failure are defined.

The provision regarding the quality-control system based on sanctions (bonuses) for States with high (low) error rates is re-authorized. Participants found guilty of having destroyed or sold food purchased with program benefits for profit are to be disqualified. When found in program violations, food retailers may be fined with up to $100,000/violation. Applicant household data obtained is to be used solely for program enforcement and administration, as well as for governing Federal assistance or Federally-assisted agendas. Definitions are to be establishing pertaining to regulations for program disqualification of individuals charged with misusing benefits. Program is to be implemented in compliance with civil rights while being consistent with age discrimination, disability legislation, and rehabilitation. States' responsibilities are made clear in cases where the program is locally administered and are required to compile information demonstrating program regulation compliance. Advances in State and Federal operational changes of supervision that may affect program integrity and/or household access are required. State computerized systems awarding Federal matching funds are to be tested properly prior to execution and are to be updated and tested on a regular basis.

Authorization for Food Stamp Employment and Training (FSE&T) activities funding is provided through program appropriations. A 15-month limit is placed for distribution of unused E&T grant funding. In addition, a 90-day limit is authorized for E&T funds to be used towards job preservation-related activities for individuals who have received E&T services elsewhere. The limit on the hours spent by voluntary participants in E&T activities is relaxed.

Subject to appropriations availability, permanent authorization for American Samoa and Puerto Rico nutrition assistance is granted through consolidated block grant based on Thrifty

Food Plan[19]. Moreover, $1 million obligatory funding is allocated to evaluate the opportunity of including Puerto Rico solely in the program instead of providing block granting. Secretary of Agriculture is permanently authorized to reduce matching payments to States for program administrative costs.

Food Distribution Programs: Obligatory funding for The Emergency Food Assistance Program (TEFAP) is re-authorized with $190 and $250 million available in fiscal years 2008 and 2009, respectively. For fiscal years 2010-2012, funding is to be inflation-adjusted. Mandates program State agencies to submit three-year proposal plans of action. Finally, $100 million/year are permanently authorized for TEFAP agency's operating costs and may also be used for administering wild game donations.

The Food Distribution Program on Indian Reservations (FDPIR) is re-authorized and amended. No longer is joint participation in FDPIR and SNAP allowed. Bison meat purchase for distribution is authorized subject to appropriations. For fiscal years 2008-2012, $5 million annually is available to purchase local produce and traditional products for distribution on Indian reservations. When possible, a minimum of 50% the food distributed has to be Native American-produced. Finally, the Secretary of Agriculture is to prepare a report for Congress on program's food packaging and its appropriateness to tackle Native Americans' health challenges.

The Commodity Supplemental Food Program (CSFP) is permanently re-authorized. However, the program priority for women, children and infants before the elderly is not extended.

Secretary of Agriculture is mandated to purchase nuts, fruits and vegetables in various forms (e.g., fresh, frozen, canned) for distribution in domestic nutrition assistance programs with $190, $193, $199, $203, $206 million available in funding in fiscal years 2008, 2009, 2010, 2011, and 2012-afterwards, respectively. At least $50 million annually is specified to be used by the Department of Defense (DoD) Fresh Fruit and Vegetable Program[20] towards purchase of fresh fruits and vegetables for use in participating institutions under the National School Lunch Act (NSLA).

Fruit and Vegetable Promotion: Obligatory support for the Fresh Fruit and Vegetable Program is expanded with $40, $65, $101 and $150 million available in 2008, 2009, 2010 and 2011, respectively. Beginning in 2012, funding is to be inflation-adjusted. The support is to be distributed based on a procedure allocating half the funding equally among States and the other half based on each State's population. Priority among schools selected is to be given to institutions having the greatest share of students eligible for free or reduced-price meals.

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[19] The Thrifty Food Plan is one of four USDA-designed food plans that specify foods and amounts of foods to provide adequate nutrition. It is the lowest cost food plan that can be priced using a national average of prices adjusted for household size.

[20] The Department of Defense Fresh Fruit and Vegetable Program was initiated in August 1995 to provide fresh produce supply through military installations or other sites directly to schools. The program provides greater buying power, consistent deliveries, emphasis on high quality, a large variety of produce and east-to-use ordering with funds tracking.

Such students are to be given special outreach by State agencies. Awarded student grants are to be between $50 and $75 on an annual level. Finally, $3 million funding is authorized in

fiscal year 2008 available until fiscal year 2010 to examine whether participants increased fruit and vegetable consumption or expressed other eating habit modifications.

Healthy food education is conducted under NSLA "farm to cafeteria" pilot projects with priority being given to projects with ability to be easily duplicated at other schools. In addition, a hands-on school gardening pilot project in up to five States is authorized subject to appropriations availability. Schools with high poverty rates are particularly targeted.

Farmers' Market and Community Food Promotion: Through fiscal year 2012, $5 million annual funding for Community Food Competitive grants is re-authorized.

A Healthy Urban Food Enterprise Development Center is established through $1 million funding for fiscal years 2009-2011 and $2 million for 2012 with a goal to increase access to local produce and healthy food products by underserved communities. The Center is mandated to grant technical assistance, support businesses dealing with affordable and healthy foods, and to distribute sub-grants for feasibility studies development.

The Senior Farmers' Market Nutrition program, assisting low-income senior citizens in obtaining fresh local produce, is re-authorized through fiscal year 2012 with a mandatory annual funding of $20.6 million. Program benefits are not to be considered as personal income and sales tax at the State and local levels are not to be collected on purchases made from such benefits.

Secretary of Agriculture is mandated to support schools awarded child nutrition program funds to purchase locally-grown unprocessed agricultural products. For all programs supported through the Child Nutrition Act, the NSLA and the DoD Fresh Produce Program, geographical preference in program-related purchases is allowed.

Community Food Security and Emergency Food Grants: A "Hunger-Free Community" grants program is established through fiscal year 2012. Grants to non-profit organizations (NPOs) and food-program service providers are rewarded to conduct projects evaluating hunger-related issues and to develop novel strategies contributing to free-of-hunger areas creation. Such projects are to account for up to 80 percent of Federal efforts in this area.

Through fiscal year 2012, grants worth $15 million annually are authorized to provide assistance to food banks to help better identify food donors, handle foods perishable in nature, and endorse foods locally produced. Rural communities are key targets in mind while distributing such funds since at least 50 percent of available grants are to be awarded to agencies serving the needs of such areas.

National and International Hunger Fellows programs were re-authorized in the previous legislation and included the Bill Emerson National Hunger Fellows and Mickey Leland International Hunger Fellows programs with total annual funding of $2.5 million. The Farm Bill of 2008 re-authorizes such programs through fiscal year 2012.

School Meal Issues: Through authorization of $4 million funding, Secretary of Agriculture is mandated to develop a pilot project through which whole grain products are to be included in school meal programs. Project evaluation is required to establish if whole grain consumption has increased and which products are most-preferred by participants.

Secretary of Agriculture is authorized to conduct instruction, direction and enforcement of "Buy American" requirements of both the NSLA and the DoD Fresh Program.

During fiscal year 2009, Secretary of Agriculture is directed to conduct a nation-wide survey of food products purchased by participant schools in the school lunch program. For such purpose, $3 million funding is allocated.

Nutrition Monitoring: Through joint efforts by Secretaries of Agriculture and Health and Human Services, monitoring, research, and data publishing on nutrition, diet and physical activity are to be conducted.

How is Arkansas Affected? According to a report by Mathematica Policy Research, in the fiscal year 2008, 523,000 people were eligible for the SNAP in Arkansas. Of those, 71 percent were estimated to participate in the program in the same year (with 90-percent confidence interval of 67-75 percent). The same report finds that in the same year there were 245,000 working poor eligible for the SNAP in Arkansas. Of those, 64 percent participated in the program in the same year (with a 90-percent confidence interval of 58-71 percent). When comparing SNAP participation rates among all eligible people for the years 2006-2008, Arkansas is estimated to have a reduced rate of participation: from 75 percent (2006 and 2007) to 71 percent (2008). Participation rates among all eligible working poor in Arkansas for the same period have also decreased: from 69 percent (2006 and 2007) to 64 percent (2008). Finally, among all States in 2008, estimates show that Arkansas ranks 17th in SNAP participation rates among all eligible people.[21]

The Smart Nutrition Active People-Education (SNAP-Ed) Program[22] is a partnership between the University of Arkansas Cooperative Extension Service (UACES), the Arkansas Department of Health & Human Services, and the USDA Food and Nutrition Service. The SNAP-Ed program provides nutrition education to food stamp recipients and other eligible low-income individuals and families. The goal of SNAP-Ed is to provide educational programs that help food stamp participants and those eligible for food stamps make healthier food choices and adopt active lifestyles that are consistent with the Dietary Guidelines for Americans and USDA Food Guidance System. The program is designed to teach skills that help participants to: 1) buy and prepare healthful meals and snacks based on the Dietary Guidelines for Americans and USDA Food Guidance System, 2) become more physically active, 3) improve safe handling, preparation, and storage of food, and 4) develop spending and savings plans to make food dollars last throughout the month

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[21] This and other SNAP-related reports are available online on the USDA/FNS web site: http://www.fns.usda.gov/ora/MENU/Published/snap/SNAP.htm
[22] http://www.arfamilies.org/health_nutrition/SnapEd.htm

SNAP-Ed is partnering with the Arkansas Department of Health & Human Services, Arkansas Department of Health WIC clinics, Head Start programs, senior citizen centers, commodity distribution sites, and public schools where 50% or more of the students are eligible for free or reduced price lunch. The SNAP-Ed program is currently delivering nutrition education in 75 counties in the state.

According to the most-recent 2009 USDA/Economic Research Service (ERS) Federal funds database, $123,826 in grant funding was obligated to the State of Arkansas for the senior farmer's market nutrition program.[23] This compares to $119,666 in Federal grant funding obligated for the same program for the State of Arkansas in 2008.

[23] The most-recent and archived USDA/ERS Federal funds databases (by State and county) are available online at: http://www.ers.usda.gov/Data/FederalFunds/

Title V: Credit

The credit title of the Food, Conservation, and Energy Act of 2008 authorizes:

- a new conservation loan program,
- expands and improves programs for socially-disadvantaged and beginning farmers and ranchers[24],
- increases loan limits for Farm Service Agency (FSA) direct loans,
- makes equine farmers' eligible for emergency loans,
- makes rural utility loans become qualifying loans under the Federal Agriculture Mortgage Corporation (Farmer Mac)

The title also refines and clarifies regulations governing financial obligations of Farm Credit System (FCS) members.

In 2005, the FCS sponsored an initiative known as the HORIZONS project. Its goal was to evaluate how United States (US) agriculture has been affected by factors including globalization, advances in technology and changes in consumer tastes and preferences among others. The report found that both global trends and US agriculture have changed significantly, and these modifications have been reflected in different segments of the US agricultural sector.[25] Based on the report's findings, the FCS identified multiple ways in which it could assist US producers and rural communities to better adapt to the new changes facing US agriculture. As part of the 2008 Farm Bill re-authorization process, the FCS Horizons Project was influential in changes made to the credit title.[26]

Farm Ownership Loans: Direct or guaranteed loans are provided for family-sized enterprises to purchase farms in cases of inability to obtain credit from other sources on reasonable terms. Three-year farm operation participation, without regard to when it occurred, is to be considered an experience requirement for potential farm ownership loan applications. The borrowing limit is increased to $300,000, up from $200,000 under the 2002 Farm Bill.

The **Conservation Loan and Loan Guarantee Program** replaces previous authority to make or guarantee loans for qualified conservation projects to eligible borrowers. A priority is given to groups including beginning and socially-disadvantaged farmers and ranchers, and producers converting to organic or sustainable agricultural practices or establishing

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[24] A *socially disadvantaged* farmer is one who would self-identify as a member of a group whose members have been subject to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups consist of: American Indians or Alaskan Natives, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, Hispanics, and women. A *beginning* farmer is a person who: A) has not operated a farm for more than a total of ten years; B) will materially and substantially participate in the operation of the farm; C) agrees to participate in any borrower training required by FSA; D) does not own a total farm acreage that is more than 30 percent of the median size of farms in the county in which the farm is located.

[25] The January 2006 report that summarizes the HORIZONS project's findings is available online at: http://home.farmcreditofvirginias.com/images/LeaderSpring06.pdf

[26] The testimony of Mr. Doug Stark, a CEO of the FCS, before the Subcommittee on Conservation, Credit, Energy and Research House Committee on Agriculture is available online at: agriculture.house.gov/testimony/110/h70327/Stark.doc

conservation practices or structures. Awarded projects have to be a part of a United States Department of Agriculture (USDA)-approved conservation plan, which may include establishment of conservation structures, water conservation and waste management systems, forest and permanent cover, and permanent pastures. Loan guarantees account for 75 percent of the loan's principal, and loans must be distributed geographically as much as possible.

The **Down Payment Loan Program**[27] is revised to include socially-disadvantaged farmers and ranchers. In addition, the highest eligible principal amount is established at 45 percent of the lowest of the purchase value, the appraised value, or $500,000 (previously $250,000). Moreover, the interest rate is four percent lower than the regular FSA direct farm ownership loans but no lower than 1.5 percent. The 2008 Act decreases the down payment requirements from ten percent to five percent and increases the maximum term of the loan from 15 to 20 years. Funding levels for Down Payment Loans are established in the annual appropriations process with the amount of money available equal to 50 percent of whatever Congress appropriates for direct farm ownership loans in a given year. After April 1 of each year, if there are loan funds remaining not used for the Down Payment Loan program they may be made available for other types of farm ownership loans.

A **Land Contract Guarantee Program** was established under the 2002 Farm Bill as the Beginning Farm and Rancher Land Contract Guarantee Pilot Program for six states (expanded to nine in 2005), to guarantee up to five loans per State made by private ranch or farm sellers to eligible beginning farmers and ranchers on the basis of a contract land sale under certain criteria[28]. The pilot program resulted in very limited activity with only two guarantees made. The 2008 Act makes this program permanent and national. The program is expanded to include socially-disadvantaged farmers and ranchers. A maximum purchase price of $500,000, a 10-year loan period and a five percent down-payment requirement for program participants are established. Sellers are authorized the choice of guarantee options 1) prompt payment guarantee of three (instead of two in the pilot) years' amortized annual installments plus the amount of three years' real estate taxes and hazard insurance premiums or 2) standard 90 percent guarantee of outstanding principal on the land contract.

Operating Loans: Ranches and family-sized farms are eligible for award of direct or guaranteed loans to be used for operating costs in cases of inability to obtain such loans on reasonable terms from other sources. Three-year participation in farm or ranch operations, without regard to when it occurred, is to be considered an experience requirement for potential direct farm operating loan applications. The borrowing limit is increased to $300,000, up from $200,000 in the previous legislation. Finally, through December 31, 2010, the waiver restriction on the number of years for which a producer retains the eligibility for guaranteed program assistance is extended.

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[27] The *Down Payment Loan Program* established by the 1992 Agricultural Credit Act assists beginning farmers and, with the 2008 Act, socially disadvantaged farmers with the purchase of a farm and also provides retiring farmers with assistance to transfer real estate to the next generation.

[28] A land contract is a contract between a willing buyer and seller through which the buyer makes principal and interest payments to the seller over a specified time period while the seller retains title to the property until all payments are made. The loan recipient must among 13 criteria be unable to obtain sufficient credit elsewhere without a guarantee and have an acceptable credit history demonstrated by satisfactory debt repayment.

Emergency Loans: Emergency loans assist producers in cases of natural disasters (e.g., drought; flooding) or quarantine. The 2008 Act specifies loan eligibility for certain equine farmers and ranchers under specified requirements that include an inability to obtain loans from other sources.

Administrative Provisions: Through the fiscal year 2012, the **New Farmer Individual Development Account (IDA) Pilot Program** is established. It provides matching-funds savings accounts for use towards specified farm costs for beginning farmers and ranchers. The program is designed to help beginning farmers and ranchers finance farm operations through business and financial education and matching savings accounts. Under the 2008 Act the program has annual authorization of up to $5 million. No funds have been appropriated to implement this program to date. The program will commence only after Congress appropriates funding for it. The Farm Service Agency (FSA) would oversee the program however an interim or final rule has not been posted in part because the program has received no funds.

The **Inventory Sales Preference Program**, which allows beginning farmers and ranchers to purchase FSA inventory farm property 135 days in advance of other potential buyers, is expanded to include socially-disadvantaged farmers or ranchers. In cases when more than one offer is made, a buyer is to be chosen randomly.

Loan funds reserved for beginning farmers and ranchers are increased to 75 percent for direct farm ownership loans. Two-thirds of such funds are reserved for down payment loans and joint financial arrangements. Forty percent of guaranteed farm ownership loans and 50 percent of direct operating loans for beginning farmers and ranchers are also reserved.

The current legislation requires the establishment of regulations promoting the transition to other credit sources (e.g., commercial loans). The rights of first refusal to re-acquire homestead property to immediate family members of borrower-owner are extended to socially-disadvantaged farmers and ranchers while eliminating such rights for farmers and ranchers who are not socially disadvantaged.

Farm Credit: The Farm Credit oversees certain aspects of the Farm Credit System. The FCS represents a network of cooperatively-owned financial institutions focused on awarding loans for rural housing, farms and farmer-owned cooperatives.

The FCS bank's method used for its associations and financing institutions' assessment is revised to cover expenses of making Farm Credit System Insurance Corporation premium payments. The lender evaluations are to be computed in an "equitable manner." The premiums are to be based on an average outstanding debt insured. Changes are made regarding the methods used for premium payment calculations, premium payment process and accounting obligations.

The board of the Bank for Cooperatives is authorized to establish regulations concerning its voting stock's issuance and distribution to FCS associations and cooperatives customers.

Under **Federal Agricultural Mortgage Corporation (Farmer Mac)** regulations, rural utility loans for construction of electric or telephone facilities are to be deemed "qualified loans." The loan-making power is equalized across FCS associations in Alabama, Louisiana and Mississippi. Federal land banks and credit associations are authorized to provide short and intermediate-term loans, and production credit associations are permitted to make long-term loans.

Miscellaneous: Indian tribal members are eligible to obtain loans for purchase of highly-fractioned lands based on **Indian Land Consolidation Act** provisions.

Issues for Congress: Increased demand for access to credit, term limits on farm loans, growing demand for mediation services to address farm debt repayment problems and expanded authority for the FCS to address credit needs for rural infrastructure, housing and business investments are issues directly or indirectly related to the credit title.[29] With an aging population of farmers, concerns regarding access to credit and other assistance for beginning farmers are discussed in a series of articles in *Choices*[30].

How are Arkansas Producers Affected? According to the latest available USDA/Economic Research Service (ERS) Federal funds database, in 2009, $11.1 million in guaranteed farm ownership loans and $320,500 in direct farm ownership loans were obligated for the State of Arkansas.[31] This is down from $68.9 million in guaranteed farm ownership loans and $4.2 million in direct farm ownership loans obligated for Arkansas in 2008.

The database also reports that in 2009, $23.2 million in guaranteed farm operating loans and $15.9 million in direct farm operating loans were obligated for the State of Arkansas. This compares to $56.7 million in guaranteed farm operating loans and $22.5 million in direct farm operating loans obligated for Arkansas in 2008.

Finally, according to the same source, in 2009, $120,080 in direct emergency loans was obligated for the State of Arkansas, down from $789,610 in 2008. This is also down from $3.3 million in direct emergency loans obligated for Arkansas in 2007. Table 1 illustrates emergency loans, farm operating loans and farm ownership loans obligated for the State of Arkansas during the period 2004-2009.

[29] For a discussion of institutions and issues in agricultural credit see Monke, Jim. 2010. Agricultural Credit: Institutions and Issues. Congressional Research Service RS21977. http://www.nationalaglawcenter.org/assets/crs/RS21977.pdf

[30] http://www.choicesmagazine.org/choices-magazine/theme-articles/innovations-to-support-beginning-farmers-and-ranchers

[31] Current and archived (2004-2009) USDA/ERS Federal funds databases are available online at: http://www.ers.usda.gov/Data/FederalFunds/

Table 1. Emergency Loans, Farm Operating Loans, and Farm Ownership Loans Obligated for the State of Arkansas (2004-2009)

Program	Type	2004	2005	2006	2007	2008	2009
Emergency Loans	Direct loans	$82,200	$996,310	$3,622,038	$3,263,950	$789,610	$120,080
Farm Operating Loans	Direct loans	$27,171,390	$23,236,955	$37,485,980	$25,152,004	$22,467,010	$15,864,070
Farm Operating Loans	Guaranteed loans	$48,108,790	$54,092,044	$76,811,142	$60,641,825	$56,734,003	$23,224,651
Farm Ownership Loans	Direct loans	$2,347,950	$3,355,700	$6,337,440	$5,123,484	$4,237,200	$320,500
Farm Ownership Loans	Guaranteed loans	$123,413,964	$93,644,084	$81,153,489	$54,692,101	$68,991,778	$11,122,555

Title VI: Rural Development
The title's provisions pertain to programs concerning rural development. Support is available for water systems and waste disposal facilities, communities, communication, broadband and television access, value-added agricultural projects, renewable energies, and business conducting. The **Rural Collaborative Investment Program (RCIP)** replaces the **Rural Strategic Investment Program (RSIP)**. Revised definition of the term "rural" for eligibility purposes is developed.

Water and Waste Facilities and Community Programs: $120 million Commodity Credit Corporation (CCC) funding is approved to decrease accumulated loan/grant applications for water systems and waste disposal and emergency community water assistance (priority is given to water systems). The interest rates of intermediate and poverty-rate water and waste disposal loans are tied to the current market rate. Changes are to be compensated by loan subsidies.

For the fiscal years 2008-2012, appropriations are authorized for the **Emergency Community Water Assistance Program**. Grants are authorized targeting small rural communities to meet drinking water and water pollution regulations.

Special Evaluation Assistance for Rural Communities and Households (SEARCH) assists rural communities with fewer than 3,000 inhabitants to develop studies required to fulfill environmental standard requirements. 2008 Farm Bill provisions allow four percent of total water and waste disposal programs funding and limit the eligibility to communities with less than 2,500 people subject to major financial hardships. Grants provided may fund up to 100 percent of certain project costs and require minimum documentation.

The homeowners' **water well-systems program** is re-authorized. The amount payable per well varies from $8,000 to $11,000. A new program, providing grants to non-profit organizations (NPOs) striving to provide jobs for people with disabilities located in rural communities, is established.

The **Circuit Rider Program**, providing technical assistance for rural water systems' day-to-day operations, is re-authorized with an increased authorization for appropriations to $25 million/year for the fiscal years 2008-2012.

A program providing water systems and waste disposal facilities grants in Alaskan rural areas and Native American communities is extended. Support for the Denali Commission is authorized to distribute grants for solid waste disposal systems and to reduce water contamination.

Authorization through the fiscal years 2008-2012 is extended for the **Rural Firefighters and Emergency Medical Personnel Training Program**, **Historic Barn Preservation Grants**, and **Community Facilities Grants to Tribal Colleges and Universities**. For the first program, for-profit entities are excluded from eligibility. The program objectives are revised and the permissible administrative costs are limited. **Historic Barn Preservation Grants** are to be aimed at projects using best practices while identifying and researching evaluation methods. The third program is modified in terms of disallowing Secretary of Agriculture to demand more than five percent of the program funding outside Federal sources. Finally, Secretary of Housing and Urban Development is directed to distribute financial support to the Housing Assistance Council (HAC) to promote rural community development by assisting housing development organizations.

Communication and Information Programs: Through the fiscal year 2012, the **Telemedicine and Distance Learning Program** is continued with funding of $100 million/year. The United States Department of Agriculture (USDA) is to distribute loans and grants promoting facilities development supporting such services. Additional programs, supporting rural public libraries, enhancement of information technology and technical infrastructure at rural health care centers, are also established.

The National Center for Rural Telecommunications Assessment is authorized. Secretary is to establish a national rural broadband strategy. For the fiscal years 2008-2012, broadband programs are re-authorized with changes regarding prioritization and program eligibility regulations. In the 2002 Farm Bill, such programs made available loans and grants for increasing access to broadband services in eligible rural communities with less than 20,000 inhabitants. Since 2002, 1,263 communities in 40 States with nearly 600,000 households have been distributed nearly $1.2 billion in loans. Finally, funding is made available for public television stations as a transition to digital channel broadcasting occurs.

Promoting Value-Added Agriculture: Priority is given to loans and loan guarantees for projects concerning local and regional food production and helping underserved areas. Minimum five percent of the program funds are to be reserved until April 1 of each year for projects promoting production of local or regional production of agricultural products.

Through **Value-Added Agricultural Product Marketing Development Grants**, $15 million in CCC funding is available from October 2008 until expended with ten percent of the funding benefiting socially-disadvantaged and new producers, and ten percent projects developing mid-tier value chains. Appropriations for the **Agriculture Innovation Center Demonstration Program**, providing non-financial assistance to value-added enterprises, are authorized.

The Appropriate Technology Transfer Program for Rural Areas, which finances non-profit organizations (NPOs) that provide farmers with sustainable agricultural practices assistance, is made permanent. Revisions are made regarding issues such as costs of inputs, energy resources conservation, novel energy crops and enhancing commodity markets for producers using practices helping the natural resource base, the environment and life quality.

The Departments of Transportation and Agriculture are to develop a study assessing the freight transport's significance to agricultural produce, renewable energy resources and electricity. Other key transportation issues for rural community development are also to be addressed.

The **Farm Labor Housing Program**, distributing loans and grants for housing improvement and development for farm labor, is expanded to include low-income earning individuals obtaining a major income portion by processing agricultural or aquaculture products.

Rural Electric Programs: Guaranteed by the Rural Utility Service (RUS), loans for promoting energy efficiency are to be made. Revised is the list of eligible renewable energy resources to include energy generated by using wind, solar, hydropower, biomass and geothermal resources. Loan payment delays for 60 months on existing loans are granted for borrowers to distribute loans for establishment of energy efficiency-related equipment and measures for industry and households, as well as projects re-selling electricity generated by renewable resources. The RUS is authorized to distribute loans to rural electric cooperatives to produce electricity using renewable resources. Finally, Department of Treasury lending is authorized under the new legislation as an alternative to lending through the Federal Financing Bank.

Secretary of Agriculture is mandated to revise bonding requirements for programs of the RUS **Rural Electric Act** in order to guarantee the safety of Federal interests in terms of product warrantees and costs not outweighing bond benefits.

The development of a study to assess rural electric power generation needs is authorized. Its objectives focus on finance and cooperatives issues, possible consumer and economic development impacts of electric power costs, and the fuel feedstock technology’s capability to comply with regulatory requirements including carbon capture and sequestration.

General Business Assistance Programs: **Rural Cooperative Development Grants** regulations are amended to enhance networking and ultimately result in approaches affecting multiple organizations and States. Twenty percent of its funds are to be reserved for organizations helping the socially disadvantaged. Multi-annual grants may be awarded.

The venture capital **Rural Business Investment Program (RBIP)**, established in the previous legislation to provide early-stage capital for small rural businesses, is modified in terms of its fees structure. A **Rural Micro-entrepreneur Assistance Program**, with $15 million/year CCC funding for the fiscal years 2009-2012, is established to provide loans for micro-entrepreneurs and grants for development organizations providing assistance to small rural business.

Regional Development: Through the fiscal year 2012, re-authorization for established **Rural Economic Area Partnerships (REAPs)** in Vermont, North Dakota and New York is granted.

The **RCIP**, which replaces the **RSIP**, adds rural heritage to its objectives. Moreover, it supports a “National Institute” granting technical assistance in overseeing the program. New health care services grants for joint institutional cooperation in the Mississippi delta region are available.

The 2002 Farm Bill established the **National Rural Development Partnership (NRDP)** as a nation-wide program. Federal funding was not authorized. The **NRDP** and State Rural Development Councils identify issues of key rural development importance and oversee Federal and State programs concerning State level rural development. Through the fiscal years 2008-2012, the Federal government retains authority to authorize program funding.

The Delta Regional Authority (DRA) and the Northern Great Plains Regional Authority (NGPRA) are re-authorized and expanded by adding additional counties to their respective regions.[32]

Definitions: The 2002 Farm Bill distinguished between different levels of rurality for eligibility purposes. With few exceptions, the 2008 Farm Bill maintains defining rural areas (for business and other programs) as areas excluding cities with more than 50,000 inhabitants and adjacent urban areas. Secretary of Agriculture is authorized to establish whether an urban area is portrayed by rural features. For electrification assistance programs eligibility purposes, rural areas are defined as cities with less than 20,000 inhabitants or areas located in service vicinity of a borrower having an outstanding loan under the **Rural Electric Act**. The definition of rural areas for water systems and waste disposal grants, loans and community facilities programs eligibility purposes excludes cities with population greater than 20,000. Secretary of Agriculture is granted an authority to exclude areas from this definition which are excluded by the business program definition and other areas of urban expansion. Within two years, the USDA is to develop reports clarifying the definitions of "rural" and "rural area," is to suggest effects on USDA agendas and how rural development funding should be better aimed.

"Substantially underserved trust areas" are defined as Native American trust lands with 20 percent or more of their respective populations lacking access to electric, water, telecommunication and broadband services. The benefits for such areas may include lower interest rate loans. Secretary may also waive nonduplication of service requirements.

How Are Arkansas Producers Affected? The latest available USDA/Economic Research Service (ERS) Federal funds database (2009) identifies obligated Federal funding for the year by specific States.[33] Table 1 illustrates obligations pertaining to rural development for the State of Arkansas in 2009. For example, $16.8 million in direct loans and $6.2 million in grants were obligated for the **Water and Waste Disposal System for Rural Communities Program**. For the same program, additional **American Recovery and Reinvestment Act of 2009 (ARRA)** funds were made available: $2.1 million in direct loans and $6.7 million in grants. The USDA's Rural Development web site provides a more in-depth discussion and details pertaining to each Federal rural development program under this title.[34]

Table 1. Federal Funds Obligated to the State of Arkansas Affecting Rural Development, by Specific Program (2009)

Program	**Description**	**Total Funding**
Water And Waste Disposal System For Rural Communities	Direct Loan	$16,754,000
Water And Waste Disposal System For Rural Communities	Grant	$6,160,000
Water And Waste Disposal Systems For Rural Communities-ARRA	Direct Loan	$2,143,000
Water And Waste Disposal Systems For Rural Communities-ARRA	Grant	$6,711,000
Section 538 Rural Rental Housing Guaranteed Loans	Guaranteed loan	$1,518,000
Small Rural Hospital Improvement Grants	Grant	$245,593
State Rural Hospital Flexibility Program	Grant	$454,413
Urban Interface Community And Rural Fire Assistance	Grant	$57,200

[32] "Regional Authorities" are State-Federal joint efforts promoting regional economic development.
[33] Current and archived USDA/ERS databases are available online at: http://www.ers.usda.gov/Data/FederalFunds/
[34] The Arkansas web site is available online at: http://www.rurdev.usda.gov/ar/programs.htm

Grants To States For Operation Of Offices Of Rural Health	Grant	$167,200
Improving Ems/Trauma Care In Rural Areas	Grant	-$39,020
Quentin N. Burdick Programs For Rural Interdisciplinary Training	Grant	-$14,991
Recovery Act - Assistance To Rural Law Enforcement To Combat Crime & Drugs	Grant	$1,290,282
Rural Business Enterprise Grants	Grant	$1,275,319
Rural Business Enterprise Grants ARRA	Grant	$96,400
Rural Business Opportunity Grants (RBOG)	Grant	$50,000
Rural Education Achievement Program	Grant	$5,174,284
Rural Electrification Loans And Loan Guarantees	Guaranteed loan	$132,329,000
Rural Energy For America Program Recovery	Grant	$79,122
Rural Health Outreach And Rural Network Development Program	Grant	$1,654,178
Rural Housing And Economic Development	Grant	$250,344
Rural Housing Preservation Grants	Grant	$282,418
Rural Rental Assistance Payments	Other dir.pay.individuals	$25,322,128
Rural Rental Housing Loans	Direct Loan	$1,000,000
Rural Self-Help Housing Technical Assistance	Grant	$1,207,520
Rural Telemedicine Grants	Grant	$489,920
Rural Telephone Loans And Loan Guarantees	Guaranteed loan	$17,000,000

The National Sustainable Agriculture Information Service (ATTRA) assists entities involved in commercial agriculture in the United States (US) (e.g., farmers, ranchers, extension agents, farm enterprises, farm organizations) by providing information pertaining to sustainable agricultural practices, food and farming systems, livestock and pastures, agronomic crops and horticulture. **ATTRA**'s objective is to increase farmer's profitability through providing healthier food products while taking care of the environment and America's natural resources. In 2010, funding for **ATTRA** ($2.8 million) is provided through USDA's Rural Business-Cooperative Service. **ATTRA**'s work is supported by a staff of 30, and its program is managed by a non-profit organization called National Center for Appropriate Technology (NCAT) which has an office in Arkansas and four other States.[35]

[35] More information about **ATTRA** is available online at: http://www.attra.org/guide/resource.pdf

Title VII: Research and Related Matters

The title's provisions pertain to a revised United States Department of Agriculture (USDA) research coordination including the new **National Institute of Food and Agriculture (NIFA)** and **Research, Education, and Extension Office (REEO)**. Research agendas relate to issues including organic agriculture, specialty crops, and bioenergy while the high-priority research areas are revised. The role of competitive funding allocation is increased for most programs (e.g., Smith-Lever extension funds). Funding authorization for 1890 institutions is also increased. Grants eligibility is broadened to increase fund-awarding fairness.

Research Management and Coordination: Starting October 1, 2009, **NIFA** is created to manage agendas and research funds previously governed by the USDA's Cooperative State Research, Education and Extension Service (CSREES). Some of its authorities include infrastructure and capacity programs, competitive programs, cooperative extension programs, cooperative State research programs, and education programs. The President appoints **NIFA**'s Director for a maximum appointment of two six-year terms. Some of the Director's responsibilities include organizing offices within the institute to manage research, extension and educational programs (and to conduct such activities of the USDA), to promote the use of competitive grants, establishing balance between applied and fundamental research, and making certain that **NIFA** conducts research priorities of Under Secretary for Research, Education, and Economics (REE).

As a Chief Scientist of the Department, the REE Under Secretary is authorized: to recognize, address and prioritize REE needs; to manage its agendas; to promote joint usage of REE resources; and promote communication between its beneficiaries. To help achieve these goals, **REEO** is to be created by REE Under Secretary. Among its six divisions, each led by a Division Chief selected on a four-year term at the most, it will employ the equivalent of 30 full-time staff.

The REE Under Secretary is mandated to establish a roadmap for agricultural research, extension and education, to recognize potential possibilities and limitations such as research opportunities and constraints, and to suggest funding levels for such functions. The roadmap review is limited to Secretary, and it is to be executed within the first year of the enactment.

The number of National Agricultural Research, Extension, Education, and Economics Advisory Board (NAREEEAB) members is decreased from 31 to 25, while the limit on necessary board expenditures is increased from $350,000 to $500,000.

Competitive "**Research Equipment Grants**" limited to $500,000/institution are re-authorized through 2012. Targeted are institutions involved in food and agricultural science such as colleges, universities and State agricultural extension services. Secretary is permitted to create a five-year pilot program for leasing of non-excess real property at the National Agricultural Library and the Beltsville Agricultural Research Center, and must submit bi-annual program reports starting one year after the **Act** ratification at latest.

Research and Extension Funding: Under the **Agriculture and Food Research Initiative (AFRI)**, which combines the previous **National Research Initiative (NRI)** and the **Initiative for Future Agriculture and Food Systems (IFAFS)**, competitive grants are available for applied and fundamental research, education and extension pertaining to food and agricultural sciences. For the fiscal years 2008-2012, appropriations of $700 million/year are authorized.

AFRI funding is available for obligation for a two-year period in the fiscal year for which funds are initially made available. Grants are limited to ten-year terms with priority research areas including: plant and animal health, production and products; food safety, nutrition and health; environment, natural resources and renewable energy; agricultural economics; agricultural systems and technology; and rural communities. Fundamental and applied research projects are allocated 60 and 40 percent of the total funds, respectively, with 30 percent of the fundamental research funds being allocated to projects involving multidisciplinary teams. Secretary is mandated to direct **AFRI** grants to educational institutions, beginning researchers, small, medium and minority-serving institutions previously unable to obtain grants, and institutions located in States previously unable to obtain grants based on a three-year rolling average. Grant awardees must provide matching funds for commodity-related applied research that is not national in scope. In some cases, matching funds are also required for equipment purchases, which are limited to a maximum of two percent of the total fundamental research funds. **AFRI** funds may not be employed towards construction.

For competitive and non-competitive grants, the indirect costs cap is increased to 22 percent, up from 19 percent under the previous legislation. The only exception pertains to Small Business Act (SBA) competitive grants.

In terms of research, education, and extension, the President is required to submit a single budget line item illustrating the total value requested for such activities as part of the annual budget submission.

High-Priority Research and Extension Initiatives: The research and extension grant high-priority areas are revised. Criterion for regional centers of excellence (provided funding for through higher education institutions and created for specific commodities) is established. Such centers are given funding priority particularly for proposals involving multiple entities.

For the fiscal years 2008-2012, appropriations of $10 million/year are authorized for research and extension grants for honey bees and other pollinators. Such funding promotes activities including: bee colony health and production data collection; pollinator biology examination; investigating various factors (e.g., parasites, pathogens) that may have contributed to colony collapse disorder; pollinator health prevention and mitigation measure development; and best management practices and conservation of habitat. For the fiscal years 2008-2012, appropriations of $7.25 million/year are authorized for infrastructure/capacity funding to employ personnel and carry-out research projects at USDA facilities focused on pollinator-related issues. For the same period, annual appropriations of $2.75 million are authorized for inspection of honey bee pests and pathogens. Annually, Secretary is mandated to submit a report to Congress on colony collapse disorder including progress on strategies and research for decreasing colony loss. Such strategies include provisions outlined in Title II: Conservation (under Encouragement of Pollinator Habitat Development and Protection).

Funding and Administration of Education-Related Institutions: For 1862 and 1890 land grant institutions, **Smith-Lever** (3d) special emphasis extension competitive funds are to be awarded. Grants for agricultural and food science facilities upgrade at 1890 institutions are re-authorized. The appropriations percentage for formula funds authorized to 1890 institutions is increased. Capacity-building grants are expanded to include extension funds. With the exception of the **Nutrition Education Program**, 1890 Institutions are eligible to apply for all special emphasis grants under **Smith-Lever Act**-section 3(d), and are also eligible for the **McIntire-Stennis forestry program** and research grants for animal health and disease. For each fiscal year, $8 million in grants for upgrade of facilities at insular area land grant institutions are authorized. Funding for the **Expanded Food and Nutrition Education Program** is distributed based on a new formula allocating greater amounts to 1890 institutions. Annually, $90 million are authorized with each institution being awarded a minimum of $100,000. Outstanding funds are awarded subject to percentage of the population living at or below 125 percent of the poverty line. However, before such funds are awarded, ten percent of the funds appropriated above the fiscal year 2007 levels are distributed to 1890 institutions. Each fiscal year, a share of the awarded funds to 1890 institutions is scheduled for increase until reaching 15 percent in 2014.

Programs for other minority-serving land grant institutions are re-authorized. Through the **1994 Act**, Ilisagvik College (Alaska) is added to the list of land grant status tribal colleges. Endowment and equity funds not being distributed to 1994 institutions are to be awarded to other 1994 institutions. All **1994 Act** funding is subjected to requirement of accreditation. A new provision makes the University of District of Colombia (UDC) eligible for: grants/fellowships related to food and agriculture science and education, funding under **Smith-Lever Act**-section 3(d), and grants of $750,000/year to upgrade its agriculture and food sciences facilities. Secretary is authorized to waive the requirement of reduced matching funds for the UDC under the **Hatch Act**, and revises the matching fund requirement for the UDC extension.

For non-land grant universities and colleges of agriculture, grants on a competitive basis are authorized for agriculture and renewable resource-related research, education and outreach.

The ability of Hispanic-Serving Institutions to receive grants while avoiding a competitive process is repealed. Single institutions are now eligible for grant awards. The authorization of appropriations is increased to $40 million/year, up from $20 million under the previous legislation. Funding is authorized for Hispanic-Serving Agricultural Colleges and Universities (HSACU) for: the endowment fund; annual payments; an institutional capacity-building grant program; a competitive grant program in fundamental and applied research; and extension funding under **Smith-Lever** (3b). Alaska Native and Native Hawaiian-Serving institutions consortium is authorized to distribute funds for its members. Through the fiscal year 2012, for covered institutions of higher education in insular areas of the United States (US), the distant learning and resident instruction grants program is re-authorized.

The **Borlaug Fellowship Program** is created, and it targets individuals from developing countries including students, scientists and leaders. International Agricultural Research, Extension, and Education is expanded and includes authority to conclude agreements with land grant universities, Hispanic-serving Agricultural Colleges and Universities (HSACUs), the US Agency for International Development (USAID) as well as other international organizations. The goals include: to increase the food availability, quality and quantity; to promote anti-hunger and global nutritional activities; and to support sustainable global agricultural system development.

The **National Food and Agricultural Sciences Teaching Awards** are expanded to include extension and research. **National Veterinary Medical Service Act (NVMSA)**, which under the previous legislation created the **Veterinary Medicine Loan Repayment Program** allowing student loan repayments to large animal veterinarians in exchange for services, is revised. It now establishes a rulemaking deadline for program implementation and gives priority to large and mixed rural community animal practitioners. However, it also repeals a provision that previously allowed fund transfers from CSREES to USDA's Food Safety and Inspection Service using the USDA's Federal Loan Repayment authority for veterinarian recruitment for food safety professional involvement. Finally, starting on October 1, 2008, food and agriculture science education programs are extended to include grades K-12.

Specialty Crops: Research and competitive extension grants (matched by a non-Federal source) focusing on specific crops and their regions are provided through the newly-founded **Specialty Crop Research Initiative**. A provision grants priority to projects of multi-state, multi-disciplinary and multi-institution character. For the fiscal years 2008 and 2009-2012, $30 and $50 million Commodity Credit Corporation (CCC) funds annually are authorized, respectively. The research topics addressed include: plant breeding, genetics and genomics; pest/disease and pollination-related issues; profitability and productivity; novel innovations such as ripening-related technologies; and food safety. The Special Crop Committee Report is revised to incorporate economic analysis and applied information that may be of use to growers of specialty crops as well as policy research centers.

Funding of $200,000 is to be transferred to Environmental Protection Agency's (EPA's) Prevention, Pesticides, and Toxic Substances office to conduct a methyl bromide-related meta-analysis.

Organic Agriculture: For the fiscal period 2009-2012, mandatory CCC funding is increased to a total of $78 million with additional authorized annual appropriations of $25 million for the same period. New purposes added to the **Organic Agriculture Research and Extension Initiative** include studying environmental and conservation organic practice outcomes, and improved seed variety development to be used in systems for organic production.

Rural Development: Grants on a competitive basis are made available to help the **Farm and Ranch Stress Assistance Network** with stress assistance to farmers, ranchers and agricultural workers. Specific funded programs may focus on community education, groups of support, home-delivery to homebound, outreach as well as behavioral counseling and referrals through web sites and help lines.

Appropriations for the competitive **Farm Business Management Research and Extension Grant Program** are authorized to increase the skills and knowledge of farm management, and to create a nation-wide farm financial management database.

In addition, appropriations for Agricultural and Rural Transportation Research and Education are authorized to focus on rural transport and logistical needs of the agro-sector including biofuels transportation and agricultural product exports. Half of the total project expenditures are to be matched from non-Federal sources. A priority is to be given to higher education institutions being able to harmonize education and research program functions with grants being awarded to regionally-diverse areas and areas representative of the US needs.

Applications for grant awards for the **Beginning Farmer and Rancher Development Program** must be assessed based on multiple criteria including proven track record, achievability, technical merit, expertise, relevancy and results applicability. Priority in grant awards distribution is to be given to joint efforts by non-government and community organizations and such awards are to be regionally diverse. The grant-award limit is $250,000 annually. In the fiscal years 2009, and 2010-2012, $18 million and $19 million in CCC funds are available, respectively. In addition, for the fiscal years 2008-2012, appropriations of $30 million/year are authorized.

Appropriations for the **New Era Rural Technology Program** are authorized to provide grant awards to rural community colleges having proven records in certain areas and being able to leverage partnerships. Such areas include bioenergy, paper and pulp manufacturing, and agriculturally-based renewable energy resources.

Bioenergy Research: The **Sun Grant Research Initiative** is revised to provide grants for five Sun Grant centers and one sub-center to: create, distribute and implement biobased technologies; endorse environmental sustainability and diversification through biobased energy and product technologies; promote rural area diversification through biobased energy; and accomplish increased biomass and bioenergy research and development efficacy through joint efforts by land-grant universities, the USDA and the Department of Energy (DOE). Centers are mandated to allocate three-quarters of the funding to multi-state/institution research, extension and educational agendas with thirty percent of such funds being allocated for technology development and another thirty percent for integrated programs for technology implementation. One-fifth of the total project expenditures are to be matched by a non-Federal source although such a requirement may be waived. The centers' administrative overhead costs are limited to four percent, and residual funds are to be used towards technology development and implementation research, extension and education programs. The Grant Information and Analysis Center is to promote regional centers and is to submit a report on an annual basis. For the fiscal years 2008-2012, $75 million/year are authorized. The **Agricultural Bioenergy Feedstock and Energy Efficiency Research and Extension Initiative** is authorized to increase biomass energy crop production and energy efficiency of agricultural operations through competitive grants. Secretary is mandated to establish a database on various crops production potential as well as best practices pertaining to biomass supply chain operations. For each fiscal year, $50 million are authorized with funding priority being given to projects including producer involvement and efforts useful for technology commercialization. The total funding must be matched by non-Federal sources. The NAREEEAB executive committee is required to create a permanent renewable energy committee to be involved in evaluating agendas pertaining to the renewable energy industry.

Bioterrorism/Biosecurity: Through the fiscal year 2012, funding for education, agricultural research and extension activities regarding bioterrorism and biosecurity planning are re-authorized.

Secretary is mandated to issue a permit for a facility governed by the Department of Homeland Security to replace the Plum Island facility. The new facility is to conduct research on biological threats from zoonotic and foreign diseases.

Biotechnology: The CSREES and the USDA/Agricultural Research Service (ARS) grant programs, established under the 2002 Farm Bill, are permanent authorities. The objectives include evaluation of the biotechnology's environmental impacts and research pertaining to establishing policies concerning long-term genetically engineered organism (e.g., plants and animals) introductions in the environment. The program mandates that at least two percent of the agency's biotechnology base funds to be spent for such grants.

Through the fiscal year 2012, Foreign Agricultural Service (FAS) competitive research and development grants of agricultural biotechnology in developing countries focused on crop development are continued.

Miscellaneous Provisions: The **Human Nutrition and Intervention and Health Promotion Research Program** is re-authorized and revised to include research on efficiency of agricultural policies in health promotion in disadvantaged populations. A total of $500,000 is authorized to conduct a study and report on food deserts to evaluate the limited access to affordable and nutritious food areas, especially low income areas. Secretary is to coordinate with the Institute of Medicine, the SBA, and the Department of Health and Human Services.

Appropriations for a grant program on a competitive basis to be established for distribution of free vegetable seeds to underserved communities are authorized. The construction of Chinese garden at the National Arboretum is granted. Also, appropriations are authorized to establish a competitive grant program to focus on livestock antibiotic resistant bacteria, resistant bacteria ecology, and veterinary and human medicine usage of antibiotics.

Secretary and university partners are required to simplify the submission, reporting and execution of the Plan of Work obligations. The USDA-established demonstration project authority is indefinitely authorized for positions on a temporary basis. For the fiscal years 2008-2012, the **National Agricultural Weather Information System**, governing a system addressing research and education focused on agricultural weather nation-wide, is re-authorized.

The current legislation repeals a number of authorities: alcohol and industrial hydrocarbons research grants; the **Agricultural Telecommunications Program**; honey bees-affecting diseases research; high-value agricultural product quality research partnerships; the **Precision Agricultural Initiative**; the **Thomas Jefferson Initiative for Crop Diversification**; the **Future Agriculture and Food Systems Initiative**; **Competitive, Special, and Facilities Research Grant Act facilities grants**; and biotechnology-use public education for food for human consumption production.

Grant funding for youth organizations (e.g., 4H) is re-authorized through the fiscal year 2012 with funding management and content delivery having more flexibility. The **Food Animal Residue Avoidance Database Program** is amended to make available $2.5 million in funding annually for the fiscal years 2008-2012 in addition to other new funding. Finally, the **Nutrient Management Research and Extension Initiative** is also re-authorized through the fiscal year 2012 and is amended to include animal waste renewable energy.

How is Arkansas Affected? The USDA reports funded **AFRI** projects (by State and fiscal year in which the grant was awarded) during the period 2009-2011.[36] One **AFRI** competitive research grant was awarded to institutions located in the State of Arkansas in 2009 (ARS-Fayetteville, AR), one in 2010 (University of Arkansas, Pine Bluff, AR) and four in 2011 (University of Arkansas, Fayetteville, AR). The total awarded value for all **AFRI** grants during this period was $3.3 million.

The National Agricultural Law Center at the University of Arkansas is an independent agricultural law research organization. The Center employs research faculty, lawyers, graduate students from the University of Arkansas School of Law graduate program in Agricultural Law, as well as other related professionals and specialists. Federal funding for the Center's work is provided from appropriations through the National Agricultural Library, which operates under USDA's ARS.[37] The ARS is the leading scientific research agency of the United States Department of Agriculture. The agency's work focuses on solving a wide-range of agricultural problems and its budget for the fiscal year 2010 was $1.1 billion.[38]

Under NIFA, in the fiscal year 2010, the University of Arkansas Division of Agriculture received the following funding: Hatch Act (Research) ($3,850,148); Smith-Lever 3b-c (Extension) ($6,104,580); and McIntire-Stennis Forestry Program ($814,495).[39] Finally, in April 2011, University of Arkansas (Fayetteville) researchers received a five-year $4.78 million NIFA grant for a childhood obesity project.[40]

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[36] Complete awarded **AFRI** projects data is available online at: http://www.csrees.usda.gov/funding/afri/afri_reports.html

[37] More in-depth information about the Center can be obtained online at: http://www.nationalaglawcenter.org

[38] The ARS' web site is available online at: http://www.ars.usda.gov/AboutUs/AboutUs.htm

[39] This information was obtained through an e-mail received on May 16, 2011 from Dr. Ray C. (Chuck) Culver, Director of Development at the University of Arkansas Division of Agriculture.

[40] The press release relating to this grant award is available online at: http://newswire.uark.edu/Article.aspx?ID=16078

Title VIII: Forestry

The title's provisions relate to new private forest conservation priorities, planning standards, forest systems cooperative relationship adjustments, tribal access to Forest Service lands for cultural activities, forest preservation programs, import regulations of illegally-harvested wood products, National Forests' boundaries, and undergraduate scholarships in forestry at Hispanic-serving institutions.

Amendments to Cooperative Forestry Assistance Act of 1978 (CFAA): Three new CFAA priorities are launched: working forests' management and conservation; forest restoration and hazard protection; and private forests public benefit improvement.

States are mandated to examine forest conditions, developments and potential hazards in addition to developing long-term strategies to be eligible for CFAA funding. Such evaluations are to be completed by joint cooperation of entities including the State's forester (or the State forest stewardship coordinating committee), the State wildlife agency, and the State technical committee. Appropriations of up to $10 million/year are authorized as well as up to $10 million Forest Service State and Private Forestry funds for strategic plan creation and updates.

Local governments, non-profit organizations (NPOs) and tribes are provided with Federal matching grants to purchase private forests being threatened by conversion to non-forest uses. The program requires acquired forests to be opened for public access and to provide a wide-range of benefits to society (e.g., recreational, environmental, economic, educational) while being strong forest stewardship models. As much program funding as necessary is to be provided.

The CFAA is revised to demonstrate the current status of trust territories (including the Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau).

The responsibilities of the State Forest Stewardship Coordinating Committees are revised to present State foresters with proposals of state-wide evaluation development as well as strategic approaches concerning forest resource conditions. A State Technical Committee representative is included to the committee.

As mandated by Secretary of Agriculture, a share of the CFAA funding is to be made available to State foresters on a competitive basis. To determine such fund allocations, Secretary of Agriculture is required to consult with the new Forest Resource Coordinating Committee.

Secretary of Agriculture is directed to distribute not more than five percent of the total CFAA funding on a competitive basis to promote technology or innovative projects which would ultimately increase the Secretary's ability to better deal with national private forest conservation priorities.

Cultural and Heritage Cooperation Authority: Provisions grant tribal access to National Forest System (NFS) lands for re-burials (of both human remains and cultural items) and other culture-related events.

To the most feasible extent, NFL land is to be temporarily closed for public access in cases of Indian traditional and cultural events.

Indian tribes are to be awarded trees and other forest products originating from NFL lands for free if not used for commercial, but for cultural and traditional purposes.

Under the Freedom of Information Act, information disclosure concerning re-burial sites-related information and other culturally sensitive issues to Indian tribes, is limited.

Tribal rights, existing agreements among them and the Forest Service, trust obligations, as well as NFS land use rights are to continue being unaffected.

Amendments to Other Forestry-Related Laws: The 1990 Farm Act is amended to include appropriations for the **Rural Revitalization Technologies Program** through the fiscal year 2012. Currently, authority is used to govern grants for biomass utilization.

The Forest Service International Programs Office is re-authorized through 2012.

An **Emergency Forest Restoration Program** is established to provide owners of nonindustrial private forest lands with payments to employ emergency measures for land restoration in cases of natural disasters.

The Lacey Act Amendment of 1981, which prohibits illegally-harvested plant and animal product imports, is extended to include illegally-harvested wood and wood products.

The new legislation includes a permanent conservation easement option to the **Healthy Forests Reserve Program** and for the fiscal years 2009-2012 it authorizes $9.75 annually in Commodity Credit Corporation (CCC) funding.

Boundary Adjustment and Land Conveyance Provisions: The Green Mountain National Forest (GMNF) boundary is adjusted to include 13 designated expansion units. Secretary is authorized to exchange or sell GMNF specified parcels.

A provision in this title provides for land conveyances to private parties from the Chihuahuan Desert Nature Park, NM, and the George Washington National Forest, VA.

Miscellaneous Provisions: Regarding qualifying timber contracts, Secretary of Agriculture is authorized to revoke, re-establish or replace used index. In addition, for existing qualifying contracts, time extension is provided.

Through the **Hispanic-Serving Institution Agricultural Land National Resources Leadership Program**, grants on a competitive basis for undergraduate scholarships in forestry are authorized.

How are Arkansas Producers Affected? According to the University of Arkansas Division of Agriculture, in the State of Arkansas there are 18.8 million acres of forest land which represents 56 percent of the total State land base. Since 1988, the forest area in Arkansas has increased by 6.5 percent. Upland oak-hickory forests account for 39 percent of the total

Arkansas forest land area, followed by pine with 27 percent, mixed hardwood and pine with 17 percent, and bottomless species (e.g., cypress, elm, oak) with 16 percent. Farmers, ranchers and other private entities own and manage more than 58 percent of Arkansas' forest land. On the other hand, forest resource companies own or lease 25 percent of the State's forest land.[41]

The forest product industry (including the pulp and paper industry) is of a vital importance to the Arkansas economy. For example, a 2010 publication by the University of Arkansas Division of Agriculture named "Economic Contribution of Arkansas Agriculture" reports that the forestry sector employed 27,886 people with total wages of $1.36 billion while being the leading employer in South Arkansas. Other benefits from Arkansas' forests include plant and wildlife habitat, opportunities for recreation, aesthetic values, and watershed protection.[42] Provisions of the current legislation are likely to affect all economic agents involved in forest-related industries, tribes, NPOs, local governments as well as all Arkansas residents in general.

[41] The complete University of Arkansas Division of Agriculture's discussion relating to forestry is available online at: http://www.arnatural.org/forestry.htm
[42] This publication is available online at: http://division.uaex.edu/news_publications/Economic_Contribution_2011.pdf

Title IX: Energy

The title's provisions relate to biobased products purchased by Federal agencies, advanced biofuel refineries construction, biodiesel fuel education, and biomass research and development. Authorized are new programs promoting rural energy self-sufficiency, biorefineries usage of renewable energies, energy systems and enhancement of energy efficiency, next-generation feedstocks development, and energy production using woody and forest biomass.

Biobased Markets Program: The **Federal Biobased Procurement Program**, which was established under the 2002 Farm Bill and focuses on recycled material purchases by Federal agencies, is renamed into **Biobased Markets Program**. A procedure is created developing eligibility standards for intermediate ingredients and feedstock purchases.

The **United States Department of Agriculture (USDA) Certified Biobased Product voluntary labeling Program** is continued. Heating oil joins electricity and vehicle fuels on the list of ineligible categories. A procedure determining product eligibility criteria is established.

The establishment of a **National Testing Center Registry** for biobased product testing centers to serve industry producers is directed.

Overall, $1 million Commodity Credit Corporation (CCC) funding for the fiscal year 2008 and $2 million/year for the fiscal years 2009-2012 for biobased product testing/labeling is authorized. Appropriations of additional $2 million/year for the fiscal years 2009-2012 are authorized.

Biorefinery Assistance: Grants on a competitive basis of up to 30 percent of the project cost are available for supporting construction of demonstration-scale refineries converting renewable biomass into advanced biofuels. Loan guarantees of up to 80 percent of the project cost (up to 90 percent of principal and interest limited to $250 million) are also authorized to fund commercial-scale refineries' construction and retrofitting. To provide loan guarantees, mandatory CCC funding of $75 and $245 million is available until spent for the fiscal years 2009 and 2010, respectively. However, mandatory funding is not provided for competitive grants with authorized appropriations of $150 million/year for the fiscal years 2009-2012.

Repowering Assistance: Biorefineries are supported to substitute fossil fuels with renewable biomass using power/heat production systems used for biorefineries' operations. The installation of such systems is promoted with mandatory $35 million CCC funding for the fiscal year 2009 until spent. Appropriations of $15 million/year for the fiscal period 2009-2012 are also authorized.

Bioenergy Program for Advanced Biofuels: The **Bioenergy Program** is re-authorized and renamed in the **Bioenergy Program for Advanced Biofuels** with only advanced biofuel producers being eligible. Such producers are compensated subject to advanced biofuel production duration and quantity as well as on net non-renewable energy product content. For the fiscal years 2009-2012, \$300 million CCC funding is authorized with annual appropriations of \$25 million. Production facilities with at least 150 million gallons/year

refining capacity are limited to receiving up to five percent of the total available funds for a given year.

Biodiesel Fuel Education Program: With \$1 million CCC funding available annually for the fiscal years 2008-2012, the program is continued. The goal is to educate the United States (US) government and private enterprises about biodiesel fuel use advantages. Potential competitive grant recipients include non-profit organizations (NPOs) and universities.

Rural Energy for America Program (REAP): The previous legislation's **Energy Audit and Renewable Energy Development Program** and the **Renewable Energy Systems and Energy Efficiency Improvements Program** are combined in the **Rural Energy for America Program**. The goal is to promote energy efficiency and renewable energy creation for farmers and ranchers as well as for small rural enterprises. Loan guarantees and grants are available for renewable energy and energy efficiency-related projects (including feasibility studies and energy audits) to government, educational and other institutions. For energy audits, small rural businesses and agricultural producers are to cover at least a quarter of the total audit cost with the grant recipient covering the rest. Energy efficiency improvement and renewable energy system grants are not to exceed a quarter of the total project cost, while loan guarantees are restricted to \$25 million/loan. Jointly, loan guarantees and grants are not to exceed more than three quarters of the total project cost. For the fiscal years 2009-2012, \$255 million CCC funding is authorized with additional available funds of \$25 million/year for the same period.

Biomass Research and Development: With providing mandatory CCC funding of \$118 million for the fiscal years 2009-2012 and additional \$35 million/year for the same period, the current legislation extends this provision. The objective is to promote biobased industrial products by awarding grants on a competitive basis for research and development projects focusing on biofuels and biobased products and chemicals.

Rural Energy Self Sufficiency Initiative: Energy self-sufficiency of rural communities is promoted. Grants are awarded to conduct energy evaluations, to develop strategies to decrease the use of conventional energies and to establish integrated renewable energy systems. Appropriations of \$5 million/year for the fiscal years 2009-2012 are authorized with Federal cost-share of up to 50 percent of the project cost for any awarded grant.

Feedstock Flexibility Program for Bioenergy Producers: Directs Secretary of Agriculture to purchase human consumption-eligible sugar that would have been surrendered to the Commodity Credit Corporation. Such sugar is to be sold to entitled bioenergy producers or disposed of to guarantee the government has net benefits by running the sugar program. The implementation is granted only in years for which Secretary of Agriculture determines necessity to avoid government costs, and CCC funding is authorized as necessary. To the maximum extent possible, procedures on a competitive basis are to be implemented when receiving, offering and accepting bids.

Biomass Crop Assistance Program (BCAP): The production of crops eligible for bioenergy conversion is promoted. Moreover, producers are supported with collection, harvest, storage and transport of such crops to conversion capacities while particular conservation practices are being closely followed. Secretary of Agriculture is mandated to financially assist eligible

producers in selected **BCAP** project areas with: up to three quarters of the total cost for eligible crop establishment; yearly production-endorsing subsidy; and matching payments with an upper-limit of $45/ton for a period of two years for collection, harvest, storage and transport to a facility for biomass conversion. Annual and perennial crop contracts are concluded on periods of up to five years as compared to up to 15 years for woody biomass. Program eligible crops exclude categories such as crops covered under Title I (Commodities) provisions, invasive plants, animal waste/by-products, algae, noxious plants, as well as yard and food waste. For the fiscal period 2008-2012, necessary CCC funding is to be used annually.

Research, Extension, and Educational Programs on Biobased Energy Technologies and Products: The Sun Grant Research Initiative Act of 2003 created a provision to promote biobased energy technology development. Title VII: Research (the Bioenergy Research section specifically) provides more detailed information.

Forest Biomass for Energy: With authorized appropriations of $15 million annually for the fiscal years 2009-2012, a new research and development competitive program governed by the USDA's Forest Service is created to promote forest biomass energy use. The emphases include: growth and yield enhancement of trees used for renewable energy; forest biomass-based transport fuel creation; technologies and techniques creation to employ low-value forest biomass for energy production; and procedure creation for incorporating forest biomass energy production into biorefineries.

Community Wood Energy Program: With authorized appropriations of $5 million/year for the fiscal period 2009-2012, State and local governments are to be provided with matching grants of up to $50,000. The goal is for community wood energy plans to be constructed. In addition, a program is to be funded providing grants on a competitive basis to obtain community wood energy systems (employing woody biomass as primary fuel) for public facilities.

Biofuels Infrastructure Study: The Secretaries of Agriculture, Energy and Transportation and the Administrator of the Environmental Protection Agency are mandated to cooperatively carry out a study examining infrastructure needs for US biofuel production, transport and distribution expansion. Recommendations regarding such needs are to be made. Finally, a report summarizing infrastructure needs, examining various infrastructure development strategies and providing proposals for particular actions taken is to be developed.

Renewable Fertilizer Study: With authorized appropriations of $1 million in funding for the fiscal year 2009, Secretary of Agriculture is directed to carry out a study examining the current knowledge of renewable-energy sources-fertilizer production potential in rural areas.

How is Arkansas Affected? According to the USDA/Economic Research Service (ERS) Federal funds database, in 2009 (the last year for which data is available), $1.46 million in biorefinery assistance grants were obligated for the State of Arkansas.[43] In the same year, $269,791 in competitive grants for the **Biomass Research and Development Initiative**

Competitive Grants Program was obligated for Arkansas. Finally, the database for the State of Arkansas shows that in 2009, $79,122 in grant funding was obligated for **REAP Recovery**.

USDA Rural Development reports that in the fiscal year 2009, three advanced biofuel producers in Arkansas received total payments of $963,802 under the **Advanced Biofuel Payment Program**. Under the same program, applications for payments in the fiscal year 2010 have not yet been processed due to program modifications. Under the **REAP**, on the other hand, four grants totaling $38,037 for Energy Efficiency projects were rewarded as well as one grant of $41,085 for a feasibility study project focusing on wind in fiscal year 2009. Under the same program, in the fiscal year 2010, 44 grants totaling $999,604 for energy efficiency/renewable energy projects and one $97,604 grant (to the University of Arkansas) to provide energy audit assistance to producers were awarded.[44] Finally, there are no projects in Arkansas under the **Biorefinery Assistance and Repowering Assistance programs**.[45]

[43] Current and archived USDA/ERS Federal fund databases are available online at: http://www.ers.usda.gov/Data/FederalFunds/

[44] More in-detail information about the 2010 awards under the **REAP** in Arkansas can be obtained from the following press release which is available online at: http://216.40.253.202/~usscanf/index.php?option=com_content&task=view&id=2123&Itemid=2

[45] This information was obtained through an e-mail received on April 13, 2011 from Mr. Timothy Smith, Business & Cooperative Programs Director at USDA Rural Development in Little Rock, AR.

Title X: Horticulture and Organic Agriculture

The current legislation continues block grants to increase specialty crops' competitiveness. Plant pest and disease management and mitigation programs are developed. Other provisions pertain to market orders and promotion programs for a number of commodities. Funding for farmers' markets, fresh produce educational initiatives and timely market news information for fruits and vegetables is provided. Support for organic certification within a cost-share assistance framework is increased. Finally, financial efforts for data collection on production and marketing of organic agricultural products and increased funding on an agenda that governs regulations relating to organic agriculture certification and standards are promoted.

Specialty Crops: Mandatory Commodity Credit Corporation (CCC) funding is expanded for the **Specialty Crop Block Grant Program** with $10, $49 and $55 million to be distributed in the fiscal years 2008, 2009 and 2010-2012, respectively. Annually, each State is entitled to receive the greater of $100,000 or a third of one percent of the total funding available for that fiscal year. In cases where allocated funds are not spent, they are re-distributed to other States. The Farm Bill of 2008 includes horticulture to its list of specialty crops in addition to tree nuts, fruits and vegetables, dried fruits and nursery crops (which include floriculture). Moreover, it expands its eligible list of States by including the territories of Guam, United States (US) Virgin Islands, Northern Mariana Islands and American Samoa. Finally, through its **Market Access Program**, it provides $200 million each fiscal year during the period 2008-2012 with an objective to promote specialty crop exports.

Support for programs aiming at management and mitigation of plant pest and disease outbreaks as well as disaster prevention under the current legislation totals $12, $45, and $50 million for the fiscal years 2009, 2010, and 2011-each year afterwards, respectively. The goals include early discovery of new plant pests through the "**Early Plant Pest Detection and Surveillance Improvement Program**", constructing risk assessments and plan implementations to prevent novel plant pest introductions through the "**Threat Identification and Mitigation Program**", and developing certification systems for plant movement pest risk mitigation and development of nursery plant pest risk management systems through the "**Specialty Crop Certification and Risk Management Systems**" agenda.

A new **National Clean Plant Network**, with a goal to maintain clean plant material and blocks of pathogen-tested plant material nation-wide for pathogen analysis and eradication which may be used by both State and private parties, is established with an annual $5 million CCC funding for the fiscal years 2009-2012. In addition, a **Pest and Disease Revolving Loan Fund** is created through which funds with a value of up to $5 million are available for local governments to be used towards surveillance, elimination and discarding of plant pest-infected trees located in their respective jurisdictions.

For the first time, the 2008 Farm Bill incorporates specialty crops into the Census of Agriculture. Provisions pertaining to marketing orders and promotion programs for Hass avocados, mushrooms, clementines and honey are also included.

A **Food Safety Education Initiative**, with an objective to inform the public and the producers about best practices to reduce fresh produce pathogens, is established with an annual budget of $1 million during the fiscal years 2008-2012. With funding of $9 million annually for the fiscal years 2008-2012 (or until distributed), market news activities

are extended to provide price information in order to support marketing and distribution of fruits and vegetables. Through the **Farmers' Market Promotion Program**, a new agro-tourism segment is funded by mandatory CCC funds with a value of $3, $5 and $10 million in the fiscal years 2008, 2009-2010 and 2011-2012, respectively. The objective is to support a direct producer to buyer marketing program.[46] In addition, funding is available through a **Market Loss Assistance Program** for current asparagus producers to cover income losses due to imports during the period 2004-2007. Through this program, a total of $7.5 million is available to fresh asparagus producers with the same funding in value terms being available to frozen/processed asparagus producers. Finally, grants to improve specialty crop transporting, through activities aiming at improving cost-effectiveness, are available.

Organic Agriculture: Since the fiscal year 2008 (and until expended), funding is extended for the **National Organic Certification Cost-Share Program** to $22 million, up from $5 million relative to the 2002 Farm Bill. As in the previous legislation, the upper-limit on federal cost-share for the program is at 75 percent. However, the amount payable to each farmer/handler is increased to $750, up from $500 in the 2002 Farm Bill.

A new mandatory $5 million CCC funding to be distributed over five years for data collection on production and marketing of organic agricultural produce is introduced. Moreover, additional funding of $5 million/year is approved with a goal to collect and make available data on organic agricultural product prices, and to conduct economic research and analyses focusing on organic agriculture segments such as production, handling and retail.

Starting in the fiscal year 2008, funds of $5 million annually are available for a United States Department of Agriculture (USDA) program that oversees organic agriculture certification and standards. As a comparison, this provision was not enforced in the previous legislation. By the fiscal year 2012, such funding is to be increased to $11 million annually.

How are Arkansas Producers Affected? Data from the 2008 Organic Production Survey, which was conducted following the 2007 Census of Agriculture, shows that nationally there were 14,540 organic farms (including USDA-certified and exempt enterprises) accounting for a total of 4.1 million acres of land. Thirty-six of these farms were located in Arkansas with a total sales value of organically-produced commodities of $12.85 million. In the same year, two Arkansas farms were engaged in organic rice production (the national total was 101 farms with California accounting for 73 such operations). In addition, two Arkansas farms were engaged in organic soybean production (the national total was 1,336 farms with Iowa being the leading State with 271 such operations). In terms of organic livestock and poultry farms, in 2008, in Arkansas there were 13 milk cow, four beef cow, one hogs and pigs, one sheep and lambs, one goats and kids, and four chickens-layers operations. Finally, the 2008 survey's five-year organic production plans suggest that 24.2 percent (8 farms) of surveyed Arkansas organic farms (for only this component of the survey) will increase their organic production, 33.3 percent (11 farms) will maintain current level of organic production, 6.1

[46] However, at least ten percent of this funding is to be used to promote the use of electronic benefits transfer from government nutritional programs at farmers' markets.

percent (2 farms) will decrease organic production, and 4.8 percent (3 farms) will discontinue their organic production.

The 2002 Census of Agriculture, on the other hand, reports that in 2002 nationally there were a total of 11,998 certified organic farms with an average per farm value of organically-produced commodities of $32,740. For the same year, in Arkansas, there were 19 certified organic farms with an average per farm value of organically-produced commodities of $7,173.[47]

Conclusively, data from the past two US Censuses of Agriculture illustrates an increasing trend in organic agricultural production in Arkansas as well as at the national level. Such positive trends are likely to continue considering the positive feedback of interviewed organic enterprises during the five-year organic production plans component of the most recent survey, as well as an increased consumer demand for organic products due to an increased population, increasing consumer incomes and health-related customer concerns.

[47] The official web site of The Census of Agriculture is available online at: http://www.agcensus.usda.gov/

Title XI: Livestock

The title's provisions relate to electronic livestock reporting, country-of-origin labeling, State-inspected poultry/meat interstate sales, catfish grading and inspection on a voluntary basis, hog and poultry production contract regulations, livestock food safety and disease prevention issues, National Sheep Industry Improvement Center funding, and an animal manure applications study.

Livestock Mandatory Reporting: Secretary of Agriculture is mandated to create and make available an improved electronic publishing system of Livestock Mandatory Reporting data in addition to conducting a public market-news educational program. Within one year following appropriation of the necessary funds, an improved web site is to be created. The enhanced web site is to retain the existing format for a minimum of two years after Secretary confirms that necessary funding has been made available to create a new system. Secretary is also directed to carry out a study assessing the impacts of packer processing plant obligations to report wholesale pork cut data. The study is to be completed in one year after the act ratification. Appropriations of needed funds to conduct the web site enhancement, the educational program, the report and the wholesale pork-related study are authorized.

Country-of-Origin Labeling: With the exemption of foodservice establishments, the previous legislation mandated all retailers at the final sale point to provide consumers with country of origin information. The 2008 Act retains this provision, and adds chicken, goat meat, ginseng, pecans and macadamia nuts to the list of covered commodities. Labeling meat categories are specified as following: United States (US) country of origin-"item from animal exclusively born, raised, and slaughtered in US (or was in US on or before July 15, 2008)"; Immediate slaughter-"country from which animal was imported in US"; Foreign country of origin-"animal not born, raised, and slaughtered in US"; Multiple countries of origin-"all countries in which animal may have been born, raised, and slaughtered"; For ground meat-"all reasonably possible countries where product may have originated"; Fish-related US country of origin label requirements are also in place: "farm-raised fish must be hatched, raised, harvested, and processed in US"; and "wild fish must be harvested and processed in US, in US territorial waters, or on US registered vessels." In terms of perishable agricultural commodities, ginseng, peanuts, pecans, and macadamia nuts, the use of US country of origin label is permitted for commodities produced in the US only, with a specification of the State/region/area where production has occurred being sufficient to identify the US as a country of origin.

Consumers must be provided with country-of-origin information with a clearly visible indication (e.g., mark, label) on commodities or packages containing commodities.

Secretary of Agriculture is authorized to perform audits of individuals involved in the supply chain of covered commodities (e.g., preparation, storage, handling, distribution) destined for retail sale. Thirty days for compliance are permitted with Secretary of Agriculture having the ability to fine individuals with $1,000/violation.

Meat, Poultry, and Catfish Inspection: The **Federal Meat Inspection Act (FMIA)** and the **Poultry Products Inspection Act (PPIA)** are revised to allow interstate commerce for State-inspected plants having less than 26 employees with establishments presently under Federal inspection not being eligible and current State inspection programs not being replaced.

Establishments having between (and including) 26 and 34 employees may be allowed by Secretary to transition to Federal inspection three years after the final regulations have been issued. Secretary-selected plants for involvement in interstate commerce are to follow **FMIA** and **PPIA** principles in a manner as federally-inspected establishments do. Secretary is obligated to reimburse States for at least 60 percent of eligible expenditures pertaining to selected establishments inspection. Eighteen months after the ratification at latest, Secretary of Agriculture is to publish the final program regulations.

For each State agency having a State inspection program, Secretary of Agriculture is mandated to appoint a Federal employee as a State coordinator with a goal to govern the State agency staff's training and inspection operations. The coordinator is to visit and inspect selected facilities to ensure that operations are in compliance with **FMIA** and **PPIA** principles, to submit quarterly reports on compliance status of selected State establishments, and to suspend inspections in cases of **FMIA** and **PPIA** principle violations.

Within the US Department of Agriculture's Food Safety Inspection Service (USDA/FSIS), Secretary of Agriculture is mandated to create a division of technical assistance. The division is to coordinate outreach, education, and training of very small and certain small establishments as well as grants awarded to State agencies for conducting those same services. Moreover, grants may be awarded by Secretary of Agriculture to State agencies to assist interstate inspection-covered establishments under Title III of the **FMIA** to transition to this novel agenda.

The USDA Inspector General is directed to perform an audit of Secretary's operations to assess the law compliance under this section. An audit is to be conducted no later than two years after the issuance of the final regulations and no less than three years afterwards. Three to five years following the ratification, the Government Accountability Office (GAO) is obligated to conduct an audit to assess the program's implementation and to determine the number of Secretary-selected establishments.

A voluntary catfish fee-based grading program within the USDA is created. Based on a petition submitted to Secretary, other shellfish and farm-raised fish species may be added to the program. The **FMIA** is revised and provides the FSIS with authority to inspect the processed catfish intended for human consumption. Such examinations must take into account catfish growing and transportation conditions to the processing facility. No later than one month after the ratification, Secretary is to submit program implementation costs estimation to Congress. In addition, no later than 18 months after the ratification, in collaboration with the Food and Drug Administration (FDA) the Commissioner is mandated to issue the final regulations.

Hog and Poultry Production Contracts: **The Packers and Stockyards Act** is revised to: permit swine/poultry growers to terminate growing/production agreements for up to 72 hours after the contract signing or any date specified in the agreement itself which must contain a cancellation deadline; state that production/growing agreements must include a clear declaration that during the contract term growers may be required to make additional large capital investments; allow dispute resolution to be placed in Federal judicial district in which the main production part occurs; allow production agreement parties to state what State law will oversee the agreement unless forbidden by the State in which the main production part occurs; allow growers the possibility of declining arbitration before entering into an agreement; allow contract parties the possibility of agreeing (in writing) to arbitration in dispute cases; include a provision which states that prohibiting the grower's intention to pursue arbitration is considered an Act violation; mandate Secretary of Agriculture to establish criterion for determining if the contract's arbitration process allows for the opportunity growers to fully participate in arbitration.

Within two years, with respect to the **Packers and Stockyards Act**, Secretary of Agriculture is mandated to issue regulations to establish criterion for establishing: if an unreasonable benefit/inclination has occurred due to **Act** violation; whether growers have been provided with information by live poultry dealers regarding bird delivery deferral under the poultry-growing arrangement; whether additional capital investments required over contract duration constitute an **Act** violation; and if growers have been provided with the time necessary by swine contractors/live poultry dealers to remedy an agreement violation which may lead to contract termination.

Livestock Health and Diseases: Secretary of Agriculture is to provide cooperating State agencies and industry participants with a full compensation of eligible costs for carrying out pest/disease livestock detection, control or extermination activities pertaining to low-pathogenic disease control. Fines for **Animal Health Protection Act (AHPA)** violations are increased. Under the **APHA**, subpoena authorities of Secretary of Agriculture are extended to include physical evidence.

Secretary of Agriculture is mandated to create a trichinae certification program on a voluntary basis. Necessary funding is authorized for appropriation. Final regulations are to be issued three months after the ratification at the latest.

Secretary of Agriculture and States, Indian tribes or other appropriate entities are allowed to be joined in a cooperation agreement to conduct a national aquatic animal health plan project to detect, control or eradicate aquaculture specie diseases and promote specie-specific best management practices. Other **APHA** authorities may be used by Secretary such as operations for pest/disease detection, control and extermination, as well as authority to pay claims resulting from animal, article, or transportation means destruction. For the fiscal period 2009-2012, annual appropriations of funds necessary are authorized.

Congress is to be informed that: eradication of pseudorabies represents a high-priority issue and should be conducted under **APHA** authority; domestic hogs (and livestock industry overall) are threatened by feral hogs; pork export markets are only to be maintained if the US commercial swine herd is kept pseudorabies-free; and the hog industry will be assisted by a swine surveillance system in the process of pseudorabies-eradication.

Attention to Congress is also to be brought that babesiosis, a harsh cattle disease, is transmitted by southern cattle tick and cattle fever tick; and that a national plan pertaining to cattle fever tick eradication is to be one of Secretary's high priorities.

Miscellaneous: **FMIA** and **PPIA** are revised to necessitate poultry and meat plants to: inform Secretary if there are reasons for concerns regarding misbranded or contaminated meat or poultry (or meat/poultry products) available on the market; develop recall plans (in writing) for meat or poultry (and meat/poultry products) by production and shipment facility; compile data on plants hazard evaluation and critical control point (CCP) plan re-assessments; and if requested, to provide USDA inspectors with necessary information concerning recall plans and re-assessments.

Secretary is directed to present Congress with an annual report focused on investigations of possible violations of the **Packers and Stockyards Act**. Such a publication is to contain data on the number of livestock and poultry cases by enforcement region, and information on how much time such cases are pending with the **Packers and Stockyards** Administration, the USDA's Grain Inspection, the Department of Justice, and the Office of General Counsel. The report-submission obligation is to expire with the **Act**'s expiration.

The National Sheep Industry Improvement Center is no longer required to privatize its revolving fund. For the fiscal year 2008, $1 million Commodity Credit Corporation (CCC) mandatory funding is allocated for the Center until spent. For the fiscal years 2008-2012, $10 million annual appropriations are authorized.

In terms of the **Agricultural Fair Practices Act** of 1967, the term “Association of Producers” is redefined to include all organizations exclusively composed of agricultural producers. In addition, the term “Handler” is redefined to exclude individuals other than packers providing producers with custom feeding services.

Within one year of the ratification, Secretary is mandated to complete a study focused on animal manure’s role as fertilizer and other potential applications. The study is to assess the degree to which animal manure is employed as fertilizer in agriculture, potential consumer and agricultural enterprise effects of its potential limited use, and production impacts resulting from enhanced demand for animal manure from bioenergy producers (for use as fossil fuel replacement or feedstock).

How are Arkansas Producers Affected? The 2008 Act adds chicken (whole and in parts) to the list of covered commodities under the country-of-labeling requirement. This provision pertains to retailers, but not to foodservice establishments. Under the compliance and verification provision of this title, Arkansas poultry producers may be audited by Secretary and are potentially subject to fines if not found in compliance with Federal regulations.

Arkansas State-inspected production plants having less than 26 employees are also affected by the current legislation’s **FMIA** and **PPIA** revisions allowing interstate commerce. In addition, Arkansas catfish (and possibly other farm-raised fish and shellfish) producers are to be impacted by the USDA’s novel voluntary grading program. The State of Arkansas, on the other hand, is eligible for reimbursement of at least 60 percent of the costs relating to inspection of selected production plants. State agencies may also benefit from Federal grants awarded by Secretary of Agriculture under the provision granting the development of a technical assistance division within the USDA's Food Safety Inspection Service.

Packers and Stockyards Act revisions, such as ones allowing early termination of growing-contracts under pre-specified conditions as well as those affecting potential dispute resolutions, are to affect Arkansas poultry and swine producers.[48] Arkansas livestock industry participants and its State agencies are eligible for cost reimbursement under the livestock

[48] On December 3, 2009 the new rule pertaining to early contract termination was published. It goes into force in January, 2010. More information is available online at: http://www.rafiusa.org/docs/growerfacts07regs.pdf

health and disease provision for performing pest and disease control activities. A trichinae certification program is established and the possibility for a national aquatic animal health plan project to be conducted is allowed for. Both are also possible to affect relevant parties.

PPIA and **FMIA** revisions require meat and poultry plants to inform Secretary in cases of possible contaminated or misbranded products on the market, to create plans for potential product recalls for these product categories, and to gather information on hazard evaluation of production plants and critical control point plan re-assessments. These requirements are also to affect Arkansas producers in such industries.

According to the University of Arkansas Division of Agriculture, there are nearly 30,000 beef cattle farms in Arkansas with nearly 97 percent of such enterprises being family owned and operated. The mean farm herd size is 30 head. Overall, there are 1.8 million calves and cows in Arkansas with a total value of nearly $430 million. The beef cattle industry's effect on Arkansas' economy is more than $1.4 billion. Swine operations in Arkansas, on the other hand, have transitioned from small and medium to large contract operations. In fact, it is estimated that nearly all (90-95 percent) swine in Arkansas are grown under contracts between contracting companies and growers.[49] According to the USDA's National Agricultural Statistics Service (NASS), in 2007, there were 1,100 hog and pig operations in Arkansas.[50] In 2002, Tyson Foods Inc. decided to eliminate a great portion of its Arkansas hog-raising operations due to higher hog feed and adult hog transportation costs as well as lower hog market prices. This has resulted in a sharp decline in the Arkansas hog and pig production: from 286,629 thousand pounds in 2002 to 124,473 thousand pounds in 2003.[51] An additional market pull-out by the company followed in 2009 when the firm reduced its hog-breeding herd by nearly a third while selling five of its hog farms. Overall, the Arkansas hog and pig breeding industry has followed a strong negative trend during the previous decade: the production has decreased from 266,244 thousand pounds in 1999 to 86,432 in 2010.

University of Arkansas at Pine Bluff data shows that aquaculture and fisheries is a $167 million industry in Arkansas. The industry has an overall economic impact of $1.2 billion in the Arkansas Delta region.[52] According to USDA/NASS, in 2008, there were 155 catfish operations in Arkansas, down from a peak of 195 operations in 2002. In addition, Arkansas catfish water surface acres have decreased sharply since 2001 (36,000 acres) to 19,200 acres in 2011. Total State catfish sales have also decreased: from $65 million in 2001 to less than $41 million in 2011.[53] To implement required 2008 Farm Bill provisions, in February 2011, the USDA announced a proposed rule that mandates that catfish and catfish products be inspected by USDA's Food Safety Inspection Service. Under the proposal, USDA/FSIS will inspect the catfish raising conditions as well as the transportation conditions to processing

[49] The University of Arkansas Division of Agriculture's web site is available online at: http://www.aragriculture.org/

[50] The USDA/NASS complete data search engine is available online at: http://www.nass.usda.gov/QuickStats/Create_Federal_All.jsp

[51] The complete Arkansas hog and pig data for the period 1999-2010 is available online at: http://www.nass.usda.gov/Statistics_by_State/Arkansas/Publications/Statistical_Bulletin/lvskhogd.pdf

[52] The web site of the University of Arkansas at Pine Bluff relating to aquaculture is available online at: http://www.uaex.edu/aqfi/

[53] The complete Arkansas catfish data for the period 2001-2011 is available online at: http://www.nass.usda.gov/Statistics_by_State/Arkansas/Publications/Statistical_Bulletin/Catfish/lvskcata.pdf

facilities. The proposed regulation also outlines catfish labeling requirements and will address the definition of the term "catfish."[54]

According to USDA/NASS reported broiler data, in 2009, there were a total of 1.22 billion eggs set in Arkansas as well as a total of 1.1 billion chicks placed. The US Poultry and Egg Association reports that in 2007 Arkansas ranks in the top three US States (the other two being Georgia and Alabama) in young meat chickens slaughtered with 1.13 billion heads slaughtered and an average weight of 5.32 pounds/head. For the same year, Arkansas ranks third among all US States (behind Minnesota and North Carolina) in turkey production with a total of 31 million turkeys produced.[55]

[54] The press release is available online at: http://www.fsis.usda.gov/News_&_Events/NR_021811_01/index.asp
[55] Data from the US Poultry and Egg Association is available online at: http://www.poultryegg.org/economic_data/

Title XII: Crop Insurance

The title's provisions relate to support for firms offering crop insurance policies, producer-paid administrative fees for a minimum crop insurance coverage, and strategies regarding organic crop insurance coverage enhancements. The **Supplemental Agricultural Disaster Assistance (SADA)** is established to provide additional crop insurance coverage as well as livestock (honey bees and aquaculture are included), forage, tree and nursery crop disaster assistance.

Crop Insurance: For certain crops, insurance is offered (under multiple coverage level/insurance plans) by insurance providers under premium rates and terms of contract established by the Federal Crop Insurance Corporation (FCIC) and governed by the United States Department of Agriculture's Risk Management Agency (USDA/RMA). Federal subsidies are awarded for premiums and delivery costs. Administration fees and crop insurance premiums are paid for by producers and the FCIC (through premium subsidies). Premium subsidy rates for area yield and revenue plans are reduced, and full premium subsidization for "catastrophic" (CAT) coverage is extended. CAT administrative fees are increased to $300/county/crop, up from $100/country/crop under the previous legislation. The authority granted to insurance providers to offer producers Premium Reduction Plans (PRPs) is revoked. Starting in the 2012 re-insurance year, August 15 is established as a billing date for crop insurance premiums.

The **Standard Reinsurance Agreement (SRA)** is a contract between insurance companies and the FCIC outlining **Administrative and Operating (A&O)** subsidies awarded to insurance providers as well as shares of underwriting losses/profits accruing to firms. Unless abnormal circumstances are present, the FCIC has an opportunity to re-negotiate the **SRA** to be effective in the re-insurance year 2011 and once every five years. During the re-negotiation process, alternate procedures are to be taken into consideration by the FCIC for determining the payment rates of firms' **A&O** subsidies. In addition, the FCIC is to focus on finding alternatives to decrease such payments for re-negotiations of 2011. **SRA** modifications to incorporate changes into Federal law are not deemed re-negotiations. Insurance and coverage level plan rates are continued to be differed. Every **A&O** subsidy rate for additional (buy-up) coverage (with the exception of area plans) is decreased by 2.3 percentage points. However, only half of the reduction will apply in cases when a State's loss ratio (defined as the proportion of indemnities to premiums) is greater than 1.2. The area plan and CAT rates are decreased to 12 and six percent, respectively. Starting with the re-insurance year 2012, the FCIC is required to award CAT reimbursement and **A&O** subsidies as early as feasible after October 1. Finally, starting in the re-insurance year 2011, the FCIC is mandated to pay companies underwriting profits on October 1.

Native-sod acreage tilled for annual crop production is to be crop insurance ineligible for the first five years of the planting in Prairie Pothole National Priority areas with the respective State governor's approval. The target statutory loss ratio is decreased to 1.0, down from 1.075 under the previous legislation. The fee and insurance premium payment (by others on behalf of producers) restrictions are clarified. Cooperatives and trade associations' payments on behalf of producers is restricted to CAT administrative fees. Patronage dividends by cooperatives, previously approved by the FCIC, are permitted for continuation. Farmers are disallowed to obtain insurance agent's license in order to profit from crop insurance policy sales (of farmer or his/her immediate family members) commission received. A "Data mining" project, aimed to discover abnormal crop insurance claims, is continued with re-approved mandatory funding. Finally, strong emphasis is to be placed on risk management, outreach and education of beginning/legal immigrant/socially-disadvantaged farmers and ranchers, producers preparing to retire or converting their operations to new markets.

The FCIC is required to contract for studies focusing on organic production coverage enhancement. It is also to decrease organic production premium surcharge with the exception of a case where the studies conducted find "significant, consistent, and systemic variations in loss history between organic and nonorganic crops." Such studies are to outline the creation of methods to offer supplementary price election that reflects the actual organic commodity prices received.

The pilot program of insurance coverage based on producer's historical Adjusted Gross Revenue (AGR) is extended. The FCIC is mandated to contract for a study of AGR policies for beginning farmers. In addition, it is required to create pilot programs in Texas (for camelina and sesame insurance), and Minnesota and North Dakota (for grass seed). Finally, the FCIC is directed to contract for studies of poultry, aquaculture, energy crops, apiary (bees) and corn and sorghum skip-row cropping practices (in Central Great Plains) insurance policies.

The **Noninsured Assistance Program (NAP)**, governed by the USDA's Farm Service Agency (FSA), provides coverage for crops for which insurance is unavailable. The **NAP** fee is increased to the lower of $300/crop/county or $750/producer/county, not to be greater than $1,875 for producers with farm activities in multiple counties, up from a fee of the lower of $100/crop/county or $300/producer/county, not to be greater than $900 for farmers with multiple county operations under the previous legislation. Native-sod acreage tilled for annual crop production is to be **NAP**-ineligible for the first five years of planting in the Prairie Pothole National Priority Area with approval by the respective State's governor with the exception of areas having five acres or less.

SADA: Disaster assistance payments are available for eligible producers (of livestock, crops, honey and farm-raised fish) located in "disaster counties" as declared by Secretary of Agriculture, contiguous counties to such counties, and farms having normal production losses of more than 50 percent in a given calendar year. The program's assistance is available for losses incurred due to impacts of abnormal environmental circumstances such as natural disasters and unfavorable weather conditions for events which have occurred on September 30, 2011 at the latest. To be eligible, farmers must obtain crop insurance or pay administrative fees for **NAP**-covered commodities with the exception of socially-disadvantaged farmers and ranchers who are exempt. Ninety days at most after the ratification of the 2008 Farm Act are allowed for program enrollment.

Supplemental Revenue Assistance Payments (SURE) are to be provided to eligible farmers in cases of incurred crop and/or crop-quality losses in a given crop year. In cases of a positive difference between the disaster assistance program guarantee and the total farm revenue (including farm-produced crops), **SURE** at 60 percent of such a value are to be provided. **The disaster assistance program guarantee** is defined as:

115 percent of each insurable commodity's insured value[56] *+ 120 percent of the non-insurable commodity's value.*[57]

The total farm revenue is defined as:

*(harvested acres * estimated actual yield * the national average market price) + 15 percent of any rewarded **direct payments** + all rewarded **counter-cyclical payments (CCPs)**, **Average Crop Revenue Election (ACRE) payments** and **marketing loan benefits** + any prevented plantings payments rewarded + **NAP** and crop insurance indemnity payments + and any other Federal payments supporting natural disaster relief.*

In cases of livestock death losses in excess of normal mortality due to unfavorable weather conditions, eligible farmers are to be financially supported. As established by Secretary of Agriculture, such **Livestock Indemnity payments** are limited to 75 percent of the livestock's market value on the day before the death. In grazing loss cases due to fire or drought on publicly managed land, eligible covered livestock producers are assisted with **Livestock Forage Disaster Program** payments with rates based on **SADA-**defined monthly feed costs.

With funding of $50 million/year, eligible farm-raised fish, honey bee and livestock producers are provided with emergency relief in cases of disease losses, abnormal weather as well as other circumstances not covered by the **Livestock Forage Disaster Program**, **SURE** and **Livestock Indemnity payments**.

For tree losses due to natural disasters, eligible orchard and nursery tree growers are assisted with reimbursement of 70 percent of the tree re-planting costs in either cases of excess of normal mortality or seedlings necessary to re-establish stand and 50 percent expenditure reimbursement for damaged trees recovery as well as land preparation for trees re-planting in cases of excess of normal mortality.

As outlined under the "Payment Limits and Income Eligibility" section of Title I (Commodities), a limit of $100,000/individual applies to disaster assistance and adjusted gross income (AGI) payments.

Fisheries Disaster Assistance: For the fiscal year 2008, Secretary of Agriculture is directed to transfer $170 million Commodity Credit Corporation (CCC) funds to Secretary of Commerce. The National Marine Fisheries Service is to transfer this funding to fishing community members in California, Oregon and Washington areas negatively impacted by salmon fisheries failure. Such areas are elected under the **Magnuson-Stevens Fishery Conservation and Management Act**.

Small Business Loan Program: Non-profit organizations (NPOs) and small enterprises are assisted with guidance to help prepare disaster and response-related strategies.

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[56] The insured value is equal to: 100 percent of price election*insured acres*yield (defined as the greater of adjusted actual production history yield or **CCP** yield)*coverage level.
[57] This value is calculated as: full **NAP** price*planted acres*the greater of the adjusted **NAP** yield or the **CCP** program yield.

How are Arkansas Producers Affected? According to USDA/RMA data, during the period 1995-2009, Federal indemnities paid to Arkansas producers due to claims of loss or damage of insured crops totaled $476.6 million.[58] During this 15-year period, Arkansas ranked 27th among all States based on indemnities received with a total of 551,167 policies.[59] Soybeans accounted for nearly 39 percent ($184.9 million) of all indemnities received during this period, followed by rice ($87.5 million), cotton (nearly $80 million), wheat ($59.3 million) and corn ($39.2 million). In 2009 only, indemnities paid to Arkansas farmers for crop insurance totaled $66.6 million (32,248 policies), up from $41.6 million (32,379 policies) in 2008. In fact, in 2009, Arkansas produced received more Federal indemnities for insured crops than any other year during the period 1995-2009.

For the period 1995-2009, premiums paid by farmers in Arkansas totaled $189.1 million. Based on total premiums paid for this period, Arkansas ranked 26th among all States. During this period, most farmer premiums were paid for soybeans, $83.9 million (166,876 policies), followed by rice with $39.6 million (117,699 policies), cotton with $27.03 million (68,120 policies), wheat with $18.1 million (94,752 policies) and corn with $13.9 million (41,202 policies). In 2009 only, premiums paid by Arkansas producers totaled $21.1 million, down from $23.7 million in 2008. In terms of crop insurance premium subsidies received, Arkansas ranked 19th among all States during the period 1995-2009 with a total of $609.3 million in subsidies received. During this period, total Federal crop insurance premium subsidies totaled $34.5 billion, with most subsidies being awarded to corn, soybeans, wheat, and cotton producers. On a national level, rice ranked 16th among all crops, with a total of $229.7 million (259,700 policies) in crop insurance premium subsidies received during this 15-year period.

According to the USDA, disaster payments awarded to Arkansas producers during the period 1995-2009 totaled $357.7 million. However, in 2009 only, Arkansas producers received $936,867 in disaster payments across all programs, down from $27.5 million in 2008. **NAP** payments during this period totaled $35.3 million. For the same years, a total of $78.8 million in **livestock disaster/emergency payments** were made to Arkansas producers. However, no such payments were made for the three-year period 2007-2009.

It has been commonly understood that current crop insurance programs do not serve Arkansas irrigated crop producers and in particular rice producers well. The reason for this is that current crop insurance products focus on yield and revenue protection. However, the primary systemic risks of Arkansas farms are energy costs and product prices. This has been followed by low crop insurance participation rates of Arkansas rice farmers relative to producers of other crops. A September 2010 report by the Food and Agricultural Policy Research Institute (FAPRI), for example, shows that revenue-based policies are typically purchased by corn, soybean and wheat producers while yield-based policies by cotton producers. The report also suggests that yield-based policies are dominant in the Southern States while revenue-based policies in the Midwest. In Arkansas, most acres participating in crop insurance had CAT coverage only, which is very likely policy to be obtained by rice

[58] The USDA/RMA web site is available online at: http://www.rma.usda.gov/
[59] Texas ranked first with nearly $6.4 billion in Federal indemnities received.

producers. Based on this coverage, indemnities are paid to farmers in cases of yield losses greater than 50 percent.[60]

Title XIII: Commodity Futures

The Commodity Exchange Act is revised and the Commodity Future Trading Commission (CFTC) is re-authorized. Regulations governing the commodity futures industry concerning foreign currency transactions are increased. The CFTC's supervision of Exempt Commercial Markets trading of contracts is increased, as well as is its authority over off-exchange retail foreign currency fraud.

General Provisions: The CFTC's anti-fraud authority, granted by the Commodity Exchange Act (CEA) under the previous legislation, over foreign currency off-exchange transactions by futures commission traders who are being leveraged/margined/financed as if the transaction involved a commodity sale agreement for future delivery is clarified. Certain individuals are prohibited from participation in recommendations/solicitations regarding foreign currency futures retail-related transactions with the exception of futures association members and individuals being regulated by other financial regulation authorities. A new dealer category named retail foreign exchange dealer (RFED) is established. To be a lawful counterparty for a retail off-exchange foreign transaction, such individuals are to maintain at least $20 million in net capital. Finally, the CFTC is given a greater authority to tackle cases of fraud-related operations by off-exchange foreign currency transaction participants who are not actual counterparty to the transaction.

Principal-to-principal fraudulent futures transactions are to be subject to anti-fraud CEA regulations. Individuals being engaged in excluded and exempt commodities trading on derivatives transaction execution facilities are not obligated to reveal non-public information in cases when such data may be material to market price, rate, or commodity level or transaction (with exception as needed to avoid misleading other parties in any material respect).

For market prices manipulation, civil penalties enforced by the CEA are increased to not more than the greater of $1 million or triple monetary gain to each individual/violation, up from $100,000 under the previous legislation. Civil penalties are also increased for registered entities failing to impose regulations to $1 million, and for injunction violations or restraining orders involving manipulation to $1 million or triple monetary gain. Moreover, criminal penalties are increased for registered entities/officers found in failure to comply with cease and desist orders regarding manipulation from a misdemeanor to a felony. Finally, for general Act violations, criminal penalties are increased from five to ten years, and civil penalties for individuals are increased to $1 million. For the fiscal years 2008-2013, funding as necessary is authorized to carry-out the Act.

The definition of "Trading facility' is revised to incorporate markets using automated trade matching and execution algorithms. The CEA provisions regarding exchange regulation certification are harmonized. For instance, an individual's violation of speculative-limit

[60] The report is available online at:
http://www.fapri.missouri.edu/outreach/publications/2010/FAPRI_MU_Report_10_10.pdf

regulation certified by a registered entity is considered a violation of the CEA in which case an enforcement action by the CFTC may be brought.

The Secretary of Treasury, the Chairman of Federal Reserve System (FRS) board of Governors, the Chairman of Securities Exchange Commission (SEC), and the CFTC Chairman are directed to cooperate jointly with the CFTC and/or the SEC to allow for risk-based portfolio margining for securities and future trading on security indexes by 09/30/2008 and 06/30/2008, respectively.

Significant Price-Discovery Contracts on Exempt Commercial Markets: If an electronic facility-traded contract competes with a futures contract in price discovery it is defined as a significant price-discovery contract. The following standards concerning significant price-discovery contracts are established:

- [1.] In cases where the CFTC establishes that an agreement/contract/transaction conducts a significant price-discovery role, it is to be subject to significant price-discovery contract standards
- [2.] CFTC-factors taken into consideration when establishing whether an agreement/contract/transaction conducts a significant price-discovery function (e.g., arbitrage, price linkage, material price reference, material liquidity)
- [3.] Major standards regarding electronic facilities on which significant price-discovery contracts are being executed/traded. Principles concerning contracts not readily susceptible to manipulation, trading supervision, information-obtaining ability, position limitations (accountability), emergency authority, day-today trading data publication, regulation compliance, and conflict of interest are also included
- [4.] Electronic trading facilities are provided with discretion to take into account the differences between cleared and un-cleared significant price-discovery contracts in major standards application. The CFTC is required to consider such differences when reviewing the execution of major standards by electronic trading facilities
- [5.] The CFTC is to be notified by electronic trading facilities in cases when reasons exist to believe that an agreement/contract/transaction exhibits factors regarding a significant price-discovery function. In addition, at least once per year, the CFTC is to assess whether an agreement/contract/transaction carried-out on an electronic trading facility conducts a significant price-discovery role

To mandate reporting and recordkeeping of CFTC-registered individuals concerning his/her transactions and positions in any significant price-discovery executed or traded contract on electronic trading facilities, the CEA is revised. It is also amended to make individuals involved in buying/selling commodities in significant price-discovery contract on electronic trading facilities subject to trading limits established by the CFTC. In addition, the same individuals are directed to report and compile data regarding transactions or positions equal to or greater than CFTC-established limits of trading.

Subtitle becomes effective on the Act ratification date. Within six months of that date, the CFTC is directed to issue a proposed regulation concerning significant price-discovery standards. The final regulation is to be issued within 270 days of the enactment date. Finally, the CFTC is mandated to evaluate electronic trading facilities' contracts, agreements, and transactions operating on the effective date of the final regulation. In addition, within six months after that effective date, it is to establish whether such contracts/agreements/transactions execute a significant price-discovery function.

Title XIV: Miscellaneous

The title focuses on efforts for an increased involvement of socially-disadvantaged ranchers and farmers into United States Department of Agriculture (USDA) programs. The obligations of the USDA Homeland Security Office are made clear and guidance on actions synchronization with the Department of Homeland Security is provided. Issues relating to supply of agricultural labor, USDA Farm Service Agency (FSA) office closures, animal welfare, rural development, and methamphetamine production decrease are also addressed.

Socially Disadvantaged and Limited-Resource Producers: In cases when a borrower has a pending discrimination claim against Secretary (or has filed one which has been considered legitimate), a moratorium on foreclosures on USDA-held/secured loans is granted. The Office of Inspector General is required to publish a report focused on the Department's foreclosure procedures consistency.

The National Resource Conservation Service, the FSA, and Rural Development Mission area agencies must provide a receipt outlining actions employed (or not) as a reaction potential or current producers/landowners' requests for USDA-offered services/benefits if asked to do so.

In terms of the **Outreach and Assistance Program for Socially-Disadvantaged Farmers and Ranchers**, a novel provision is included to help reach such individuals in a manner which is linguistically appropriate. During the fiscal years 2009-2012, a total of $75 million Commodity Credit Corporation (CCC) funding is authorized. Biannual report submission to Congress is expanded. However, further submission requirements are mandated: program applicant and funding-awarded recipient disclosure; program applicant and funding recipient raw numbers reporting; provided services and outcomes thereof; and explanation of factors inhibiting greater program participation by socially-disadvantaged farmers. Reports of application and participation of socially-disadvantaged farmers are to be used for civil rights compliance evaluation.

Studies conducted by the USDA's Economic Research Service (ERS), and the Census of Agriculture are required to document the location and the number of socially disadvantaged ranchers and farmers in agricultural production in an appropriate manner.

Public reporting in paper and electronic form of county, State and national-level application and program data for socially-disadvantaged farmers and ranchers is required on an annual basis. The inclusion of raw numbers and calculated rates is also required. Collection of necessary data is directed. Personal data privacy is to be protected.

Secretary of Agriculture is required to create a Minority Farmers Advisory Committee. Members, appointed by Secretary, are to include socially-disadvantaged farmers or ranchers, non-profit organization (NPO) representatives, civil rights professionals, and higher-learning institutions' representatives. The goal is for the committee to provide counsel on: **Outreach and Assistance for Socially-Disadvantaged Farmers and Ranchers Program** implementation; USDA civil right activities pertaining to program participants; and procedures to help increase minority farmers and ranchers participation in USDA programs.

For cases heard by the National Appeals Division, the reporting requirement is included. Each agency's Head is to report to Congress a description of all cases returned to the agency, the status of all final determinations, and cases description having not yet received such determinations.

For each agency, the current legislation creates an annual report submission requirement for civil rights-related claims brought against the USDA. Such reports are to be published online (on the USDA's web site) and be made available to congressional agriculture committees. The reports must include information on the types and number of cases, number of proceedings, time of processing, number of discrimination findings, and type and number of personnel actions subsequent to complaints resolution.

Congress mandates that all class actions and pending claims (based on gender, ethnic and racial discrimination in participation in farm programs) by minority farmers and ranchers brought against the USDA to be resolved in fairness and in a prompt way.

Certain Black farmers, who have submitted late discrimination claims under the Pigford v. Glickman 1999 consent regulation, are allowed to receive determinations of their claims on their merits. In the fiscal year 2008, up to $100 million CCC funding is made available until spent to promote this provision. Annual appropriations as needed are also authorized. The current legislation requires such claims to be filed within two years from the 2008 Farm Act ratification.

To enable small, beginning, and socially-disadvantaged farmers and ranchers a greater access to Federal agricultural programs, the USDA Office of Advocacy and Outreach is created. In addition, this office is to perform all functions previously conducted by the Office of Outreach and Diversity. Two groups within the office are established: the Socially Disadvantaged Farmers Group (which is mandated to govern actions of the new Minority Farmer Advisory Committee and Farmworker Coordinator to conduct the **Outreach and Assistance Program for Socially-Disadvantaged Farmers and Ranchers**); and the Small Farms and Beginning Farmers and Ranchers Group (which is required to administer Office of Small Farms Coordination actions, consult with the new National Institute for Food and Agriculture, and manage activities with the Advisory Committee for Beginning Farmers and Ranchers). For the fiscal years 2009-2012, appropriations as necessary are authorized.

Agricultural Security: The USDA Homeland Security Office's obligations are clarified and synchronization leadership with common Department of Homeland Security actions is provided.

The Biosecurity Communications Center in the USDA Homeland Security Office is created to provide synchronization leadership with related centers of communication operating under other Federal departments.

A competitive grant-awarding program is created to assist with biosecurity training programs development and to provide low-interest loans to help States evaluate their agricultural disease response capabilities. For the fiscal period 2008-2012, annual appropriations of $25 million are authorized.

With authorized appropriations of $50 million/year for the fiscal period 2008-2012, a grant-awarding program on a competitive basis is created to promote agricultural countermeasures-related research and development.

A competitive grant-awarding program is established to create biosecurity teaching programs in veterinary medicine and fields alike. For the fiscal years 2008-2012, appropriations as necessary are authorized.

Other Miscellaneous Provisions: Under the Cotton Research and Promotion Act, Florida, Kansas and Virginia are included in the definition of a "cotton-producing State."

Reduced methamphetamine production is to be accomplished by providing grants of $40-$60 to chemical retailers, farmers and cooperatives for locks installation on anhydrous ammonia nurse tanks or to include a substance which decreases the efficiency of methamphetamine production.

Funding may be authorized to aid farm-workers and agricultural employers with: development of labor skills; transportation; labor market information provision; temporary housing while in transit to agricultural worksite; instruction in English as a secondary language and workplace literacy; safety/health-related instructions; and other necessary services as determined by Secretary of Agriculture.

Annual reporting requirement for USDA-financed conferences (or conferences attended by employees of the USDA) is established with the exception of events under $10,000 or involving official representation abroad.

Secretary is mandated to ban felony-convicted parties (e.g., organizations, individuals) for at least a period of ten years in cases when purposely deceit of the United States (US) regarding any Secretary-administered program has occurred.

Secretary is prohibited from relocating and closing a USDA/FSA county/field office within two years of the 2008 Farm Act ratification. The only exception is when such an office is located fewer than 20 miles from another FSA office or when the relocation is part of routine leasing operations. After the first two years have passed, the closure of any office having two (or fewer) employees less than 20 miles from another FSA office is required first, and a public notice process prior to any closure is needed.

The USDA's authority to manage the USDA Graduate School is repealed as of September 30, 2009, or after the Graduate School's conversion to a non-government entity if conversion occurs before that date (for which process use of USDA funds are authorized).

Animal Welfare Act violation fines are increased to $10,000/violation, up from $2,500/violation under the previous legislation.

Three new regional development commissions are created: the Southeast Crescent Regional Commission (which covers parts of Virginia, South Carolina, Georgia, Alabama, Mississippi, and Florida not served by the Appalachian Regional Commission (ARC)); the Southwest Border Regional Commission (which covers parts of Arizona, California, New Mexico, and Texas); and the Northern Border Regional Commission (which covers parts of Maine, New Hampshire, New York, and Vermont). For the fiscal period 2008-2012, each commission is authorized to spend $30 million/year. All three commissions are governed by the same regulations. Within each region, grant assistance is required to focus on distressed areas with a special emphasis on infrastructure. Eligible project objectives include: job training, business development, health care, conservation of resources, tourism and recreation, open space preservation, as well as alternative and renewable energy sources. Funding for local development organization operations that plan and implement such projects is authorized.

A new coordinator for chronically underserved rural areas (in USDA's Rural Development Mission Area) is authorized to distribute USDA resources to high-need-high-poverty regions, leveraging State/local government, non-profit, and community development organization resources.

Secretary of Agriculture is authorized to make excess/surplus USDA technical equipment including computers available for distribution to rural area entities.

Domestic Food Assistance Programs (Section 32 funds) transferred to Secretary and operating through the USDA's Food and Nutrition Service (FNS)-Administrator are to be employed to conduct the **Richard B. Russell National School Lunch Act**. For alternative purposes, funds that may be used by Secretary range from $1.173 billion (for the fiscal year 2009) to $1.322 billion (for the fiscal year 2017). For the fiscal year 2018 and each year afterwards, funding that may be used is equal to the funding available for the preceding year but adjusted for consumer price index (CPI) changes (for all urban consumers) for the previous 12-month period ending on November 30.

How is Arkansas Affected? According to the latest available USDA/ERS Federal funds database, in 2009, $600,000 grant funding was obligated for the State of Arkansas under the **Outreach and Assistance Program for Socially-Disadvantaged Farmers and Ranchers**.[61] This compares to $299,860 in 2008 and $543,131 in 2007.

The same database reports that in 2009, $117.34 million in Federal grant funding was obligated for the State of Arkansas under the **National School Lunch Program**. This is up from $112.6 million in 2008 and $105.8 million in 2007.

[61] Current and archived USDA/ERS Federal funds databases are available online at: http://www.ers.usda.gov/Data/FederalFunds/

Title XV: Trade and Tax Provisions

The title's provisions relate to the **Agricultural Disaster Relief Trust Fund (Trust Fund)** creation to grant funding for the **Supplemental Agricultural Disaster Assistance (SADA)**, tax regulations having impact on income, customs processing fees, payments under commodity and conservation programs, production of biofuel and timber investments. The trade preferences for Haitian and Caribbean Basin textiles and apparel are continued.

Permanent Disaster Assistance: The **Trust Fund** is established to provide funding for the **Supplemental Agricultural Disaster Assistance**. From the total receipts, 3.08 percent are to be collected from taxes on goods entered or withdrawn from stockroom to be used under the Harmonized Tariff Schedule. Unused receipts may be invested in United States (US) Treasury contracts with the interest earned being transferred back to the **Trust Fund**. Finally, the amounts needed to perform its operations may be borrowed by the **Trust Fund**.

Revenue Provisions for Agriculture Programs: Transportation and traveler processing fees, as well as goods processing fees charged by customs are extended through September 30, 2017 and November 14, 2017, respectively.

On a quarterly basis, the previous legislation mandated corporations to submit estimated tax payments of their respective income tax obligations. Farm Bill 2008 regulations increase estimated tax payments for corporations with assets of more than $1 billion in July, August and September of 2012 by 7.75 percentage points.

Tax Provisions: **Conservation Reserve Program (CRP)** payments to disabled and retired individuals for program land enrollment are to be considered rental payments and therefore are to be excluded from Self-Employment Contributions Act (SECA) taxes. Starting on December 18, 2006 under Internal Revenue Service (IRS) Notice 2006-108, the previous legislation treated all such received payments as subject to self-employment taxes.

Through December 31, 2009, extended is a regulation permitting deduction-allowed taxpayers and farmers to deduct up to 50 and 100 percent, respectively, of their adjusted gross income (AGI) for conservation easement contributions.

Under the **Endangered Species Act**, farmers are allowed to deduct up to 25 percent of gross farm income/year for endangered species recovery contributions.

The maximum rate of tax on qualified timber gain of C corporations is temporarily set at 15 percent, down from 35 percent under the previous legislation. A provision defines a qualified timber gain as a net gain for trees owned at least for 15 years.

The **Timber Real Estate Investment Trust (REIT)** is defined as such if at least 50 percent of its assets are consisted of real property related to the timber production business. Timber sale gains are considered real property income even if timber is held for less than a year. Mineral royalty income from **timber REIT**-owned real property presently or formerly used for timber production is to be considered a qualifying real estate income for **REIT** income test purposes. The current legislation enhances the permissible amount of taxable **REIT** subsidiary (TRS) securities that may be held by the **timber REIT** to 25 percent, up five

percent from the previous legislation. A provision also decreases the holding period, a safe harbor requirement for timber property sales to eligible organizations exclusively for purposes of conservation to two years, down from four under the 2002 Farm Bill. Finally, a national program is created to provide up to $500 million in tax-credit timber conservation bonds, for forest/forest land acquisition purchases subject to conservation limitations. 501 (c) (3) organizations, States and respective political sub-divisions may issue such bonds with bond holders being eligible for income tax credit.

Through December 31, 2012, a **cellulosic biofuel production tax credit** of up to $1.01/gallon is granted. The National Academy of Sciences is to carry out a study focusing on future biofuel production and possible US effects due to an increased domestic production. The alcohol tax credit is decreased to 45 cents/gallon, down from 51 cents/gallon under the previous legislation, starting in the calendar year after which the US production or ethanol imports reach 7.5 billion gallons. For establishing alcohol volume for fuel credit purposes, the allowable denaturants amount is decreased to two percent of the alcohol volume, down from five percent in the previous legislation. Through December 31, 2010, the tariff on imported ethanol for fuel use is extended for two years (originally imposed on December 31, 2008). Finally, starting October 1, 2008, US firms' rebates for duties paid on ethanol imports (after exporting a good commercially interchangeable) are phased out.

The low-interest loan limits on tax-exempt agricultural bonds (**Aggie Bonds**) for first-time farmers and ranchers are increased to $450,000, up from $250,000 in the previous legislation and are inflation indexed. The definition of such producers is revised and only excludes farmers/ranchers who did not have direct land ownership greater than 30 percent of the median farm size in the county of the parcel's location. Mutual ditch, company stock and reservoir exchanges are to qualify for Internal Revenue Service (IRS) Code Section 1031 due to being considered real property. Certain individuals, including commodity and chemical retailers, as well as pesticide producers and distributors, are eligible for 30 percent tax credit of protection costs of such pesticides and chemicals. Regardless of their age when placed in service, all race horses are to be depreciated over a period of three years. Tornado and storm victims from Greensburg, KS (tornado hit Kiowa County on May 4, 2007) are temporarily provided with tax-relief measures. Finally, the Secretary of Treasury is directed to revise the regulations governing advance coal and gasification project credit.

Excess farm loss amount used by farmers (including commodity processors) to reduce the non-farm income is limited to the higher of $300,000 or total net farm income (NFI) reported by the same producer over the past five years. The provision relates only to farmers receiving Commodity Credit Corporation (CCC) loans, **direct** or **counter-cyclical payments (DPs** or **CCPs)**. Limited farm losses may be carried over to consecutive years. The optional method of net earnings calculation for self-employment tax purposes is revised, allowing farmers to obtain four Social Security benefit coverage credits annually. Regardless of the method used to repay the loan, for loans repaid starting on January 1, 2007, a regulation requiring the CCC to issue Form 1099-G is enacted.

For the fiscal period 2009-2017, the Secretary of Treasury is mandated to transfer funding from general revenue to avoid reduction of the Social Security Trust Fund.

Caribbean Basin Trade Partnership Act: Trade preferences for textiles and apparel from Caribbean Basin countries, established under the Farm Bill of 2002, are extended through September 30, 2010.

Haitian Hemispheric Opportunity Through Partnership Encouragement Act of 2008 (HOPE II): Benefits provided under the previous legislation concerning preferential treatment of apparel imports from Haiti are continued until September 20, 2018. Regulations concerning Haitian apparel's qualifications for duty-free treatment are simplified. Moreover, a monitoring program and labor capacity building in the apparel sector are approved.

Unused Merchandise Drawback: Under the previous legislation, unused merchandise drawback of tariff paid was available when wine imported was destroyed or re-exported within three years since the import date. Domestic and wine commercially interchangeable that may have been replaced by such imported wine was granted a 99 percent drawback of duty paid on imported wine. US Customs and Border Protection assessed various features (e.g., value, tariff classification) to determine wine commercially interchangeable.

The definition of "commercially interchangeable" is revised under 2008 Farm Bill provisions demanding US wine that will be exported to receive the duty drawback to have same color as the imported wine. Moreover, it requires the price variability of the US wine not to be higher than half the value of the imported wine.

How is Arkansas Affected? According to a fact sheet published by the Environmental and Energy Study Institute (EESI) in July 2008, in the US there are 55 cellulosic biorefineries. Twenty-two of these facilities are commercial scale (use at least 700 tons of feedstock/day), 19 are demonstration scale (use about 70 tons of feedstock/day), and 14 are pilot scale biorefineries (typically facilities of a smaller scale used to develop new methods and production technologies).[62] These facilities are located in a total of 31 States with most pilot and demonstration scale facilities expected to start operations in 2009 and 2010. Four cellulosic biorefineries failed to disclose their physical location. Only one facility is located in the State of Arkansas. It is operated by the Potlatch Corporation and is located in Arkansas City, AR. This biorefinery directly benefits from the cellulosic biofuel production tax credit of up to $1.01/gallon granted through this title's provisions.

According to data by the US Department of Agriculture's National Agricultural Statistics Service (USDA/NASS), in 2010, 540,000 acres of cotton were harvested in the State of Arkansas and a total of 1,180 thousand bales of cotton were produced. This is up from 500,000 acres of cotton harvested and 852,000 bales of cotton produced in Arkansas in 2009.[63] Data from the 2007 Census of Agriculture shows that there are 915 cotton and cottonseed farms in Arkansas. About 800 of these enterprises have sales of at least $50,000,

[62] This fact sheet is available online at:
http://archives.eesi.org/publications/Fact%20Sheets/eesi_cellethanol_factsheet_072308.pdf
[63] USDA/NASS data is available online at: http://www.nass.usda.gov

and nearly half are family or individual farms.[64] Textile and apparel trade preferential provisions in this title are likely to increase US (and Arkansas) cotton exports to these countries since the end-products produced on their territory using US-originating inputs are granted duty-free access to the United States.

[64] This publication illustrating Arkansas data from the last Census of Agriculture is available online at: http://www.agcensus.usda.gov/Publications/2007/Full_Report/Volume_1,_Chapter_1_State_Level/Arkansas/st05_1_061_061.pdf