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***TELL CONGRESSMAN MORAN TO SUPPORT PAYMENT LIMITS AND TO FUND
THE CONSERVATION SECURITY PROGRAM***

With the Senate and House versions of the new farm bill passed in 2007, negotiations are underway to create the final version of the bill before it expires on March 15. This is the last chance for family farm, conservation, and rural advocates to speak up and ensure sustainable agriculture priorities are included in the final farm bill.

Calling Congressman Moran about payment limits and the Conservation Security Program could help ensure farm bill programs support family farmers and the environment!

Payment Limits

President Bush has threatened to veto the farm bill if Congress does not find new sources of revenue and include real commodity payment limits. As a way to fund essential conservation, nutrition, and rural development programs, while also addressing deficiencies and inequities in the current commodity payment program, Senator Grassley (R-IA), Senator Dorgan (D-ND), and the Administration have shown support for a compromise that would generate more than \$1 billion over ten years.

Part of the compromise tightens the definition of “actively engaged” so that payment recipients are actual working farmers and also decreases the payment limitation as market prices for commodities rise above target price levels.

Conservation Security Program

Funding for the Conservation Security Program hangs in the balance. While the Senate version of the farm bill includes \$2 billion in mandatory funding over five years for CSP, the newest House farm bill proposal does not any new funding. It is imperative that the final farm bill include the Senate bill’s \$2 billion over five years for CSP if it is to meet both the Senate’s and new House proposal’s goal of enrolling 80 million acres in the program over the next six years.

Call Congressman Moran at 202-225-2715

The message is simple: I am a constituent and am calling to urge Congressman Moran to ensure that family farmers, not mega farms, benefit from government farm programs. I am asking Congressman Moran to support the compromise on payment limitations that adopts a stricter definition for farmers “actively engaged” in farming. I am

also urging Congressman Moran to stand up for conservation by making sure the final farm bill includes \$2 billion in additional mandatory funding over five years for the Conservation Security Program.

It's easy to call or write. Please call your Congressman Moran's office at 202-225-2715. Ask the receptionist to connect you with the staff person responsible for agriculture. If the agriculture aide is unavailable, leave your name, phone number, and the message above on the aide's voice mail, or if necessary, with the receptionist.

If you prefer to write, fax a brief letter with the same points above, along with your name, address, and contact information 202-225-5124.

Payment Limits Background

In the 2007 Farm Bill, the Dorgan-Grassley amendment was the main vehicle for farm payment limitation reform. The amendment sought to establish effective caps on farm commodity payments by limiting per farm commodity subsidy payments to \$250,000, closing loopholes on farmers' use of generic commodity certificates or forfeitures, and creating a measurable standard to determine who is eligible to receive farm payments. The amendment received 56 votes in the Senate, just 4 votes short of the 60-vote super majority needed to pass the amendment.

With President Bush threatening to veto the farm bill if Congress does not include stricter limits on farm payments, the option of using payment limitation reform to generate funding for conservation, nutrition, and rural development programs has resurfaced. The new payment limits compromise includes provisions from the Dorgan-Grassley amendment and would create more than \$1 billion in offsets over ten years.

The compromise includes the following points:

- **Actively Engaged in Farming:** Adopt the actively engaged in farming definition from the Dorgan-Grassley amendment that requires recipients to engage in a minimum of 1,000 hours of farm labor and management annually or at least 50% of their commensurate share of farm labor and management. Management must be personally provided through regular and direct supervision of on-site farming activities. Landowners who share rent land to actively-engaged producers are exempt from the labor and management requirements.
- **Payment Reduction on Cash-Rented Land Owned by High-Income Landlords:** In addition to prohibiting payments to landlords who exceed the adjusted gross income limit (a provision already included in both the House and Senate bills), eliminate half the payment on cash-rented land owned by any landlord who exceeds the limit. That would eliminate the incentive for high-income landlords to switch to cash rent. High-income landlords who do cash rent would be forced to lower their rates since their tenants would get only half a direct payment.
- **Counter Cyclical Direct Payment and Adjusted Gross Income Limitation:** As prices rise above the target price, phase down the adjusted gross income and direct payment limits. If the price is above target price but below 110% of target price, count \$1 of direct payment on that commodity as \$2 toward the recipient's limit and eliminate payments on that commodity to recipients with income over \$400,000. If

the price is above 110% of target price, count \$1 of direct payments on that commodity as \$4 toward the recipient's limit and eliminate payments on that commodity to recipients with income over \$200,000.

- **Regional Adjustments:** Provide that this counter cyclical direct payment limitation reduction (preceding bullet point) does not apply to the first 1,000 acres operated by an individual combined with his/her spouse. This will be helpful to rice producers, single farmers, and high-yield continuous corn, wheat, and cotton producers who would otherwise be disproportionately affected by the counter cyclical direct payment limit.

Conservation Security Program Background:

The Conservation Security Program (CSP) is an innovative and proactive stewardship incentives program first authorized in the 2002 Farm Bill. The CSP provides financial and technical assistance to farmers and ranchers who develop and maintain conservation systems that solve critical natural resource and environmental concerns, rewarding them for investments of labor, management, and capital aimed at fostering healthy, productive, and non-eroding soils, clear air and clean water, energy savings, and wildlife habitat.

Despite its wide popularity with farmers and ranchers, the intent and scope of the CSP have been stunted by repeated cuts to its funding levels. The 2007 Farm Bill is the vehicle for improving the CSP, strengthening its environmental criteria, ensuring that it serves sustainable and organic farmers, and getting its funding back to a level where the program can be made available to farmers on a regular nationwide basis.

The House-passed version of the farm bill made another huge cut to CSP's funding that effectively shuts down the program for the duration of the new 5-year farm bill. A new House Agriculture Committee proposal introduced by Chairman Collin Peterson and Ranking Member Bob Goodlatte on February 13, 2008 would restore the cuts to the program, but not add any additional funding that would allow the program to be available nationwide.

The CSP in the Senate-passed version of the farm bill receives \$2 billion in mandatory funding over five years, sufficient funding for an enrollment target of 13.3 million acres a year or 80 million acres by 2013.

For Further Information, or to sign up for KRC Action Alerts, contact:

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