

October 14, 2011

The Honorable Debbie Stabenow
Chairwoman
U.S. Senate Committee on
Agriculture, Nutrition and Forestry
United States Senate - Michigan
Senate Russell Office Building
Washington, DC 20510

The Honorable Pat Roberts
Ranking Member
U.S. Senate Committee on
Agriculture, Nutrition and Forestry
United States Senate - Kansas
Senate Russell Office Building
Washington, DC 20510

The Honorable Frank D. Lucas
Chairman
House Committee on Agriculture
United States House of Representatives –
Oklahoma - 3rd
Longworth House Office Building
Washington, DC 20515

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
United States House of Representatives –
Minnesota - 7th
Longworth House Office Building
Washington, DC 20515

Dear Madam Chairwoman, Ranking Member Roberts, Mr. Chairman and Ranking Member Peterson:

Enclosed, please find California's Farm Bill recommendations for your consideration. As the largest agricultural producer and exporter, California plays a vital role in this nation's economic vitality. With more than 400 different agricultural commodities, California's farms and ranches are vital to feeding and clothing the nation and the world. Protecting our farms and ranches is an investment in our nation's future.

The Farm Bill is critical to the nation's communities, farming and environment. California's Farm Bill recommendations represent the collective input of more than 70 diverse stakeholder organizations, five public listening sessions across the state attended by hundreds of people and contributions from state government agencies. Together, these viewpoints and our Farm Bill recommendations reflect the scope of California and the nation's agricultural diversity and the overarching themes shared by the organizations and individuals that participated in the process.

California and our stakeholders share the vision that the Farm Bill needs to create jobs, ensure better health and well-being, protect our natural resources and environment, promote thriving communities, and revitalize our food and farming system.

Current budgetary constraints may limit Farm Bill investments within this critical sector of our nation's economy. However, we respectfully request that you consider California's recommendations for inclusion within the Farm Bill and within the Committees recommendations to the Joint Select Committee on Deficit Reduction.

Thank you for your consideration. If you would like to discuss any of this, please do not hesitate to call Karen Ross, Secretary, California Department of Food and Agriculture, at 916-654-0433.

Sincerely,



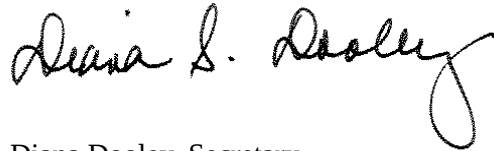
Karen Ross, Secretary
California Department of Food and Agriculture



Matt Rodriguez, Secretary
California Environmental Protection Agency



John Laird, Secretary
California Natural Resources Agency



Diana Dooley, Secretary
California Health and Human Services Agency

Enclosures

cc: The Honorable Tom Vilsack, Secretary
The Honorable Kathleen Merrigan, Deputy Secretary
United States Department of Agriculture

California Congressional Delegation



California and the Farm Bill

A Vision for Farming in the 21st Century

*O beautiful for spacious skies,
For amber waves of grain,
For purple mountain majesties
Above the fruited plain!
America! America!¹*



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE



The Farm Bill creates jobs, ensures the abundance and safety of our food and fiber, protects our environment and natural resources, revitalizes rural economies, invests in education, promotes renewable energy, and improves public health and nutrition.

Farming is the backbone of our economy and our daily lives, providing healthy fruits and vegetables, nuts, dairy, grains, lean meats and dairy protein that we eat and drink, cotton and wool for the clothes we wear, and energy to power our lives. California produces more than 400 crops on 81,700 farms employing 800,000 people in all stages of the farming and ranching economy – from the field to our tables. Farm Bill programs expand job training and

resources, foster job creation in the green economy, and build resources in rural communities to improve the business environment.

At a time when many sectors of the economy are faltering, agriculture is strong. California agriculture is a \$37.5 billion annual industry generating 12 percent of total U.S. agricultural revenue. California exports 23 percent of the products grown and harvested in the state, making it a trading powerhouse. We grow crops that feed, clothe and power California, the nation and the world.

There is an urgent need to invest in national policy that will ensure our farmers and ranchers can protect our natural resources while dramatically increasing their productivity to feed a global population projected to climb to more than nine billion people within the next few decades. The Farm Bill is that national policy and our priorities for the 2012 Farm Bill focus on:

- a renewed commitment to our farmers and ranchers;
- meeting the nutritional needs of our population;
- protecting the natural resource benefits of our working lands; and
- revitalizing our local communities.

¹ America the Beautiful, Katharine Lee Bates

Ensuring Plant and Animal Health and Safety

Because of our unique climate and vast trade – California is a primary point for goods entering and leaving the country – we are constantly under threat from invasive species and diseases that attack our crops, forests and animals, threatening our food supply and natural resources.

California Department of Food and Agriculture (CDFA), farmers and ranchers, and our local and federal partners fight these threats every day, from Sudden Oak Death to exotic Newcastle disease to the Asian citrus psyllid. Yet, federal funding is critical to effectively continue this fight. In 2010, the federal government contributed nearly \$106 million in California, \$70 million directly to CDFA.

- Increase section 10201 pest inspection, prevention, detection, eradication and management funding from \$50 million to \$100 million annually to allow states to adequately address the growing threat of invasive pests.
- Maintain the current risk assessment formula for distributing 10201 funds, prioritizing funding to states that face the largest risk and whose risk of invasives provides the largest threat to the rest of the country.
- Allow the use of AQI user fees for invasive pest and disease prevention and response activities by USDA-APHIS Cooperators for programs outside of port environs that result from detection of a plant pest or disease introduced through an international port of entry or which is not currently known to occur in the U.S.
- Free up the use of Commodity Credit Corporation funds to expeditiously address new invasive species threats by allowing CCC money to be spent on salaries and related administrative expenses, including technical assistance expenses, without regard to limitations on allotments and fund transfers.
- Preserve funding for veterinarian services in APHIS' budget.
- Continue section 7521 funding for alternatives to multi-bacterial strain antibiotic resistant drugs.
- Fund animal and disease traceability and shell egg surveillance.

Promoting Specialty Crops – Fruits, Vegetables, Nuts and Foods that Protect Public Health

The Specialty Crop Block Grant (SCBG) Program is one of the most effective Farm Bill programs – it is responsive to local and regional needs, timely and focused. Numerous studies show that eating healthy foods – fruits, vegetables and nuts – decrease rates of chronic diseases, providing a more vital workforce and saving funds that would otherwise be spent on health care. SCBGs are critical to ensuring the vitality of this market, the health of our citizens and our domestic and international competitiveness.

- Fund SCBGs at \$350 million over 5 years.
- Retain the discretion for states to distribute SCBG funds to farmers and researchers as appropriate for their states.

The Specialty Crop Research (Initiative) (SCRI) needs to be revamped to make it more effective and useful.

- Reauthorize SCRI funding at least at current levels.
- Make the SCRI review process two-steps: an industry review for relevance, followed by a

scientific review for merit.

- Adjust project timelines as appropriate for specialty crops.
- Modify the definition of “national significance” for SCRI grants to acknowledge the uniqueness of specialty crops – a specialty crop may be grown in two states, yet the research done in these states impacts the nationwide supply of these nutritious foods – and, as appropriate, fund small-scale research projects.
- Parallel conflict of interest requirements on the SCRI review panel with those for other panels. Currently, although diversity of backgrounds is required, frequently individuals are not allowed to participate in decisions within their area of expertise, i.e., the citrus industry representative cannot comment on citrus projects, preventing critical input on the relevance and impact of proposals.

Protecting our Environment and Natural Resources and Promoting Renewable Energy

Resources and tools for California to address natural resource protection, climate change, conservation and renewable energy are found within the Farm Bill. More than 43 percent of the land in California is used for food production. In contrast, our urban footprint is 5.5 million acres, or 5 percent, of California’s land base. Farming and ranching our working landscape provides many benefits in addition to food and fiber. Conservation funds ensure that we continue to have a vibrant farming community that is diverse, while at the same time protecting our natural resource base. Farming byproducts, a rich resource, increasingly provide us with energy to power our homes, buildings and vehicles.

The application of conservation cost-sharing programs and technical assistance increase the stewardship of our working lands and multiply the environmental, energy and economic benefits. Conservation programs support renewable energy; air and water quality; stewardship practices on the land that absorb carbon; pest prevention and management; improved irrigation practices; and forest management. In fiscal year 2009-2010 alone, California farmers: reduced nitrous oxide emissions in the San Joaquin Valley by 5.5 tons, equal to taking 408,000 cars off the road; paid for 71 miles of hedgerows, providing habitat for 1,500 species of pollinators and wildlife; and improved irrigation efficiency by 25 percent on over 200 billion gallons of water, enough to fill over 1 million swimming pools.

- Maintain funding for conservation programs, especially working lands programs, at 2008 Farm Bill levels, with particular emphasis on funding for the Environmental Quality Incentives Program (EQIP) and Agriculture Water Enhancement Program.
- Continue current funding for specific areas under EQIP, i.e., air and water quality and invasive pests.
- Continue funding regionally appropriate sources for biofuels and renewable fuels, i.e., cellulosic ethanol and biodigesters, including the Biomass Crop Assistance Program and the Renewable Energy Assistance Program, at 2008 Farm Bill levels.
- Count cost share practices that are conducted in accordance with NRCS technical guidelines towards, or deem them in, compliance with mandatory regulatory requirements at the farmer or rancher’s election.
- Restore education assistance, training and extension to promote conservation practices, increasing the overall percentage of funds going to technical assistance.
- Fund the development of metrics to evaluate and monitor the effectiveness of our conservation efforts and to measure their co-benefits, enabling targeting of conservation

funding where benefits are the greatest.

- Utilize land retirement and easement programs to get more co-benefits. For instance, allow appropriate grazing on easement lands, preserving wildlife while revitalizing rural economies and ensuring the continued vibrancy of rangeland, and promote bee pollinator forage areas.
- Modify working land easement programs to allow the purchase of easements by qualified third-party entities such as land trusts or local governments.
- Utilize a single portal and application for NRCS programs, saving resources and creating efficiencies.
- Support NRCS' efforts to decrease administrative costs. Were NRCS to merge existing programs into fewer categories, i.e., working lands and land retirement, we would be supportive as long as the basic functions of these programs are not lost and the states maintain their ability to prioritize projects suitable for their needs.

Improving Public Health and Nutrition

The Farm Bill is not just for farmers; it provides funds to grow, promote and purchase safe and healthy foods. California, one of only five Mediterranean growing regions in the world, is able to provide an abundance of crops – over half the nation's fruits, nuts and vegetables alone. Today, with a renewed interest in nutrition and its role in preventing chronic disease, California's farms are even more important. This resurgence is building bridges between our food policy network, our rural communities and food deserts, between farms and urban environments, and between nutritionists and farmers, allowing us to achieve our goal of having California-grown healthy foods for all Californians and many Americans in their communities and homes.

Approximately 8 million Californians, or roughly 21 percent of the state's population, are eligible for food assistance programs. Statistics show that one in five Californians is at risk of hunger, and these numbers are likely to increase as we see increased need for food assistance by veterans and military personnel, the elderly and children. Faced with another economic downturn, rising food costs, and cuts in state and local safety nets, those least able to pay are the hardest-hit. The importance of programs like The Emergency Food Assistance Program (TEFAP) funding cannot be understated as our food banks struggle in desperate times to feed the increasing numbers of citizens going hungry

Federal investment in food assistance results in the largest economic stimulus return – every dollar in funding generates approximately \$1.73 in economic activity, compared to unemployment insurance (\$1.64), aid to state governments (\$1.36) and infrastructure spending (\$1.59). This Farm Bill is an opportunity to find new and innovative ways to utilize nutrition programs to provide healthier foods and food security, while still providing food choice.

- Maintain nutrition funding at current levels, maintaining existing programs, including Supplemental Nutritional Assistance Program (SNAP, or CalFresh in California), Commodity Supplemental Food Program, TEFAP, school lunches, and fruits, vegetables and tree nuts.
- Remove funding and eligibility barriers to food and nutrition programs by more closely aligning criteria for the various programs and refrain from adding additional barriers. For example, persons eligible for SNAP are automatically eligible for free school meals, but the reverse is not true.
- Remove legal barriers that prevent the exchange of data among programs, thus streamlining

application processing and simplifying multi-program administrative requirements, while protecting privacy rights of applicants and recipients.

- Facilitate efforts to reach seniors, who are underserved, i.e., USDA's Food and Nutrition Service should partner with the Social Security Administration to expand Combined Application Projects to include social security recipients.
- Provide increased and new incentives for purchasing foods that have nutritional value, eliminate food deserts and serve minorities or are locally or regionally sourced, i.e., through expansion of the Healthy Incentives Pilot and by restoring funding for the Farmer's Market Promotion Program.
- Provide for program flexibility within the Specialty Crop Block Grant Program, Farmers' Market Promotion program and other local food marketing programs to allow direct federal funding of nutritional incentives to increase access to nutritious food.
- Educate the public on the nutritional value and safety of our foods.
- Encourage farmers' markets and other local and regional food providers to accept electronic benefits transfer cards and to locate or distribute in low-income areas.
- Modify the Commodity Food Program and Department of Defense program to allow schools to use their line of credit for feeding programs to purchase healthy produce, dairy and other products from local U.S. farmers.

Revitalizing Rural Communities

The Farm Bill is also about rural communities, supporting healthcare, housing, communications, and economic development within critical areas of our state. In building jobs for the future, we need to develop infrastructure, improve water and sewer facilities and improve employment opportunities. The Farm Bill connects these dots – providing more than \$38 million in water and wastewater loans and over \$115 million for job opportunities and business planning.

However, the Farm Bill also creates barriers for Californians accessing these programs. There are multiple definitions and indicators of “rural” in the Farm Bill, little of which reflect the make-up of rural California.

- Standardize and simplify the definitions of “rural”.
- Utilize census block group data instead of county data to determine areas of poverty.
- Upgrade rural development programs so that they support at the least the portion of essential services, i.e. hospitals and schools, in areas considered nonrural but that serve rural populations.
- Allocate funds to states based on the percentage of population that live in eligible areas.
- Change permanently the state non-metropolitan median household income requirement for the grant calculation to median household income of communities eligible for rural development programs in the state.
- Change funding formulas to reward counties working to direct growth to cities to protect agricultural land and open space.
- Expand rural development programs that help the agricultural work force and provide other co-benefits, such as van transportation, water and wastewater infrastructure, farm worker housing, rural medical centers and rural business grants.
- Allow H2A or other guest workers to occupy farm worker housing.
- Provide additional funding for infrastructure development and job training on new farming

- methods and materials, regional food hubs and direct farmer to consumer opportunities.
- Reauthorize USDA's Value Added Grants Program.
- Support funding for Beginning Farmers and Ranchers, the creation of individual development accounts and ensure that beginning farmers and ranchers are eligible for Farm Services Agency loans.
- Include in the Farm Bill a vehicle ensuring a legal and reliable workforce for agriculture.

Investing in Research and Education

Research is critical to advance and sustain productivity and spur innovation as we face new and emerging invasive pests, tighter resource availability (i.e. land and water) and the need to feed a population that will double by 2040. While farmers, ranchers and agricultural enterprises spend hundreds of millions in research dollars, it is critical that USDA continue to participate in research that provides social benefits. The Farm Bill invests in world-class university systems and extension services, providing research funding to improve air and water quality, integrated pest management, food safety, and on-ground resources to enhance farming. Given global food needs, conservation challenges and invasive pest pressures, research and extension programs should be reauthorized at current levels at a minimum. The system in the U.S. is the envy of the world, but there is no question that our investment in the web of agricultural research – inter- and intramural, capacity building and foundational – has stalled and our infrastructure is faltering. By investing in education and research the farm bill assists farmers and ranchers across the country to feed an increasing population while protecting our natural resources more efficiently and effectively.

- Increase funding for preventing the entrance and spread of pests and disease through our borders and ports, and eradication methods when they reach our field and livestock.
- Allow research funds to be used for green technologies, such as alternatives for pest management and other technologies to enhance on-farm environmental performance, promote environmental health, reduce greenhouse gas emissions and protect crops from the effects of climate change.
- Fund nutritional research that leads to verified, peer-reviewed health claims with information available for consumer use in a streamlined process.
- Fund food security research – including disease resistant crops, new and improved species of fruits and vegetables, varieties suited to unique and changing environments and standards of identity – and food safety training emphasizing small and medium sized farmers.
- Direct funding toward development of methodologies to quantify the ecosystem and sustainability benefits of working lands and performance measures of farming methods.
- Revitalize funding for cooperative extension, adding funds for training, technical assistance and trials.
- Provide dedicated funding for the national laboratory network.
- Encourage research faculty to collaborate with industry and other universities.
- Allow research designed to meet regulatory requirements.
- Provide farmers and ranchers with access to the results of these research projects, creating subject matter databases on line that provide summaries and best management practices.

Developing International Markets

California agricultural trade is vital to the nation, comprising 12 percent of the nation's agricultural trade and producing millions of jobs on and off the farm. In addition, the return on investment for these funds is astronomical, averaging \$40 dollars for every \$1 spent. President Obama has a national export initiative calling for exports to be doubled in five years. Because of Farm Bill programs, agriculture is on target to meet this goal.

- Continue Market Access Program funding at no less than \$200 million per year.
- Continue Foreign Market Development funding at \$34.5 million annually.
- Maintain Technical Assistance for Specialty Crops at \$9 million and carry over funds not spent into the next fiscal year.
- Continue Emerging Markets Program funding at \$10 million per year.

A Safety Net for Farmers and Ranchers

Farming is always volatile; agriculture is subject to the whims of weather and policy, both of which can wreak devastation on farmers' crops and livelihoods. This volatility requires a safety net to safeguard our food supply and its infrastructure in bad times. Recognizing that differing crops and conditions throughout California and the United States call for different types of safety nets, the Farm Bill provides an array of tools to safeguard our farms and their resources, including crop insurance, commodity programs, Average Crop Revenue Enhancement, Supplemental Revenue Enhancement and disaster programs.

- Provide a safety net that gives farmers and ranchers flexibility, recognizes differences in commodities and regions, and is robust enough to deal with the variability of weather and markets that farmers' face.
- Apply safety net programs to all commodities, farmers and ranchers, of all sizes and production practices.
- Emphasize, in a safety net, flexible crop insurance that works for all commodities.
- Establish a permanent disaster assistance program that covers all commodities, ensuring that farmers and ranchers receive equitable, sufficient and timely funding.
- Allow crop insurance or disaster payments for pest and animal disease quarantines.
- Take into account regional production cost differences in safety net programs.
- Continue funding Farm Service Agency agricultural credit programs, ensuring access to capital to operate and improve farming and ranching operations.

Supporting Organic Agriculture

California is home to 22 percent of U.S. organic production, with 2,887 organic farms and ranches covering 720,000 acres, comprising 36 percent of U.S. sales, and producing over 2/3 of all organic fruits, vegetables and nuts. This sector grew 49 percent over the last 2 years of Economic Research Service data.

- Retain 2008 Farm Bill funding levels for organic programs: Organic Research and Extension Initiative, Organic Data Initiative, National Organic Certification Program, EQIP organic funds and organic crop insurance.

- Remove the five percent surcharge added to organic crop insurance and allow organic producers to receive an organic market rate under crop insurance programs.
- Reinstate the national organic cost share and increase the maximum dollar cap from \$750 - \$1000, which is critical to small and medium farms, and beginning farmers and ranchers, at \$22 million over the life of the Farm Bill.

Ensuring all Farmers and Ranchers Have Access to Farm Bill Programs

California is a leader in farm innovation, management, labor rights and environmental and natural resource protection. This stature comes at a price: higher farm input costs due to labor and increased costs to meet environmental and public health standards. The Farm Bill should focus on giving folks a roadmap for better, smarter projects, rather than the size of the farm or farmer. Focusing on the effectiveness and reach of a project will give us a larger return for smaller amounts of money.

- Maintain commodity program caps at their current levels and remove payment and average gross income limits for conservation programs, basing funding for these programs on the benefits they provide. As California's crops have higher standards and production costs, such limits disproportionately affect our farmers and ranchers.
- Alternatively, factor in the cost of production in a region in determining any caps or limits, ensuring that Farm Bill programs are regionally appropriate.
- Continue support for Beginning Farmers and Ranchers at the same or higher levels, ensuring our ability to feed and clothe 200,000 additional people each day in a time of dwindling resources. Provide funding and technical assistance for beginning farmers and ranchers to develop business plans.

California needs to speak with one voice to create bold change in food and agricultural policy – becoming a driver for jobs, the environment, rural communities, and improved health for the state and nation.

California's Farm Bill recommendations represent the collective input of more than 70 diverse stakeholder organizations, 5 public listening sessions across the state attended by hundreds of people and contributions from state government agencies. Together, these viewpoints and our Farm Bill recommendations reflect the scope of California's agricultural diversity and the overarching themes shared by the organizations and individuals that participated in the process.

California and our stakeholders share the vision that the Farm Bill needs to create jobs, ensure better health and well-being, protect our natural resources and environment, promote thriving communities and revitalize our food and farming system.