Maine Policy Review

Volume 20
Issue 1 *Maine's Food System*

2011

Getting What We Pay For (and Other Unintended Consequences): An Overview of Federal Agricultural Policy

MaryAnn Hayes
Maine Rural Partners, maryann@mainerural.org

Recommended Citation
Hayes, MaryAnn. "Getting What We Pay For (and Other Unintended Consequences): An Overview of Federal Agricultural Policy." *Maine Policy Review* 20.1 (2011) : 66 -76, https://digitalcommons.library.umaine.edu/mpr/vol20/iss1/13.

Getting What We Pay For (and Other Unintended Consequences):

An Overview of Federal Agricultural Policy

by Mary Ann Hayes

INTRODUCTION

What omnibus bill is largely set to expire just weeks before the upcoming presidential election? You guessed it: The Food, Conservation and Energy Act of 2008, commonly known as the "Farm Bill." This bill represents the lion's share of federal agricultural policy and serves as the Grand Central Station of debate and competition between and among various agricultural interest groups, whose reach has expanded over the years to include a wide array of ancillary stakeholders. As the current bill title implies, conservation and energy interests are now a part of this complex discussion.

For the last 40 years, the Farm Bill has been reauthorized for approximately five-year periods, setting up a relatively predictable cycle with above-average opportunity for legislative advocacy. At each reauthorization deadline, there is significant motivation to produce a package that will be signed into law. In addition to the widespread constituent reliance on the food stamp program that members of Congress would be reluctant to interrupt, failure to enact a new Farm Bill results in a fallback to three permanent laws: the Agricultural Adjustment Act of 1938, Agricultural Act of 1949 and Commodity Credit Corporation Charter Act of 1948 (Monke 2008). Reversion to these bills would cause a multitude of problems, given current conditions, and adds to the pressure to enact a new law.

The size and scope of the bill creates a wide range for political negotiations and trade-offs, and these strategies are actively employed by those at the table. The high stakes and predictable timetable gear up an enormous lobbying apparatus for perhaps three years of every five-year authorization period. We are into the second year of this ramp-up as the 2012 (more likely 2013) reauthorization period comes into focus, and there is a great deal of activity underway.

This article will (1) provide a brief historical overview of the Farm Bill, (2) outline the context for current and anticipated debates about its upcoming reauthorization, and (3) highlight examples of program and budget impacts that matter to Maine. The article will conclude with an observation of how the current structure of the Farm Bill and entrenched stakeholder interests combine to thwart development, implementation, and evaluation of a purposeful and effective national food-system policy.

WHAT'S IN THE FARM BILL?

As an omnibus bill, the Farm Bill incorporates a wide range of federal policies related to agriculture and rural development. A myriad of programs are organized within 15 separate "titles," with some rough alignment with U.S. Department of Agriculture (USDA) sub-agencies that are assigned to implement them (see Table 1). Unfortunately, these policies are neither connected to, nor evaluated against, a clear statement of intended overall outcomes, rendering our national agricultural policy difficult to identify or evaluate as a whole. Instead, varied interests do their best to grab a piece of the pie and run with it.

How much does it cost? The current package of food, farm, and rural development programs was estimated by the Congressional Budget Office (CBO) at the time of enactment to commit the American

TABLE 1: **2008 Farm Bill by Title and Estimated Mandatory Outlays**

Title	Subject Area	Brief Description	Five-year Estimated Cost ($ Billion)
I	Commodities	Income support to growers of selected commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and dairy. Support is largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms include government purchases for dairy and marketing quotas and import barriers for sugar.	41.6
II	Conservation	Environmental stewardship of farmlands and improved management practices through and retirement and working-lands programs, among other programs geared to farmland conservation, preservation, and resource protection.	24.1
III	Agricultural Trade/ Food Aid	U.S. agricultural export and international food-assistance programs, and program changes related to various World Trade Organization (WTO) obligations.	1.9
IV	Nutrition[a]	Domestic food and nutrition and commodity-distribution programs, such as food stamps and other supplemental nutrition assistance.	188.9
V	Farm Credit	Federal direct and guaranteed farm loan programs and loan-eligibility rules and policies.	-1.4
VI	Rural Development	Business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including rural broadband access.	0.194
VII	Research	Agricultural research and extension programs, including biosecurity and response, biotechnology, and organic production.	0.321
VIII	Forestry	USDA Forest Service programs, including forestry management, enhancement, and agroforestry programs.	0.038
IX	Energy	Bioenergy programs and grants for procurement of biobased products to support development of biorefineries and assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems, along with user education programs.	0.643
X	Horticulture/ Organic Agriculture	A new farm bill title covering fruits, vegetables, and other specialty crops and organic agriculture.	0.402
XI	Livestock	A new farm bill title covering livestock and poultry production, including provisions that amend existing laws governing livestock and poultry marketing and competition, country-of-origin labeling requirements for retailers, and meat and poultry state inspections, among other provisions.	0.001
XII	Crop Insurance and Disaster Assistance	A new farm bill title covering the federal crop insurance and disaster assistance previously included in the miscellaneous title.	21.9
XIII	Commodity Futures	A new farm bill title covering reauthorization of the Commodity Futures Trading Commission (CFTC) and other changes to current law.	0
XIV	Miscellaneous[b]	Other types of programs and assistance not covered in other bill titles, including provisions to assist limited-resource and socially disadvantaged farmers, and agricultural security, among others.	6.4
XV	Trade and Tax Provisions	A new title covering tax-related provisions intended to offset spending initiatives for some programs, including those in the nutrition, conservation, and energy titles. The title also contains other provisions, including the new supplemental disaster assistance and disaster relief trust fund, and other tax-related provisions such as customs user fees.	-1.8
	Total		283.9

Source: Johnson and Monke 2010.

[a] New outlays for the expanded fresh fruit and vegetable program required in the nutrition title, $274 million (FY2008–FY2012) and $1.020 billion (FY2008–FY2017), are not reflected in this table because they are effectively offset with money from permanent appropriations under Section 32, mandated in Title XIV.

[b] Excludes estimates for crop insurance previously included as part of the 2002 Farm Bill's miscellaneous provisions. Other provisions in the 2008 Farm Bill include provisions for socially disadvantaged and limited-resource producers, agricultural security, and Section 32, among others.

$50M to $0 by the Stroke of a Pen

What's your stopping distance? As a palpable example of the difference between mandatory and discretionary funding, the recent FY11 budget signed into law on April 15 removed all funding for the longstanding Resource Conservation and Development Program within USDA-Natural Resources Conservation Service (NRCS). Staff had to be immediately curtailed, seriously affecting Maine's five area councils and their 90 active programs with no transition plan in place. No one would argue that this is a good way to change public policy.

taxpayers to $284 billion over the FY2008-2012 authorization period in mandatory spending alone (Johnson and Monke 2010). Many other programs are authorized at potential funding levels, but must compete each year during the highly charged appropriations process, a game best played by insiders.

Authorized programs that are never funded may be considered stranded policy initiatives (or truly empty promises) and explain the intensely competitive fight to land in the mandatory versus discretionary Farm Bill funding stream (see sidebar).

Where does this money go? A full two-thirds ($189 billion) is spent on the nutrition title, featuring assistance programs targeted to lower income Americans. (See Nischan, Schumacher and Simon, this issue, for great detail on how rules for this program influence recipient food purchase choices.) The next three largest titles—commodities ($42 billion), conservation ($24 billion), and crop insurance ($22 billion)—consume 30 percent of the total, leaving just three percent to be allocated among the other 11 areas, including disaster assistance, rural development, forestry, research, foreign aid, credit, and energy.

FARM BILL ORIGINS: DISASTER RELIEF SPAWNS COMMODITY-BASED FOOD SYSTEM

The original Agricultural Adjustment Act of 1933 arose as a means of addressing the survival of what was then a family-farm-based food-production system during the Great Depression and Dust Bowl era. Price supports supplemented a supply-management system designed to bring levels of commercial production into balance with market conditions to result in a viable farmgate price. Farmers were paid to leave land fallow to manage supply. This marks the beginning of the involvement of the U.S. government in the macroeconomics of our food system. Congress recognized that domestic food production serves an essential function for the U.S. population's health, safety, and welfare; therefore, government stepped in when the free market failed.

Is this reminiscent of the recent financial-services sector, Chrysler, or Fannie Mae bailouts? Or is it akin to guaranteeing our bank investments via the FDIC? There are similarities to these approaches in the crop insurance or disaster assistance titles of the Farm Bill. The key difference in the commodity-support system is its virtual guarantee of an annual payment in virtually all years and under all conditions for certain crops—grains, oilseeds, cotton, peanuts, and sugar (the Milk Income Loss Contract program for dairy price support was added in 2002).

During the ensuing decades, subsidies of commodity crops have been justified for a variety of reasons, including agricultural stability, abundant affordable food, and U.S. trade balance. The expectation that government pays the growers of these staple commodities to be in business became solidified, setting the stage for a long-term dependency relationship with the American taxpayer, increased incentives for concentrating farm ownership, and massive lobbying efforts to keep the dollars flowing. This policy has certainly had an impact on the retail side of the U.S. food market. Cheap grains, oilseeds, and sugar, with their subsequent influence on meat, processed food, and beverage prices, have had a major influence on the American diet. We now grapple with the health impacts. You might say we've gotten what we paid for.

THE NIXON/BUTZ ERA: FEEDING THE WORLD (WITH CHEAP FOOD)

During the 1960s, as transportation became more sophisticated, global (rather than just U.S.) market share became the focus of American agribusiness interests, creating further subsidy arguments based on increasing gross domestic product and net-trade-balance economic indicators. The growth of America's food giants became synonymous with the health of the U.S. economy.

Not everyone thought it made sense to pay farmers to leave fields fallow. Rather than managing supply, why not increase demand? President Nixon's Agricultural Secretary Earl Butz believed the U.S. had the capacity to feed the world and took a "no holds barred" approach to maximizing production on all arable land. The farm-support system guaranteeing a minimum price became a more permanent fixture of American policy, driving commodity prices to the lowest possible levels. Farmers would stay in business because the government would make up the difference.

With price supports based on a per bushel or other flat production formula and little differentiation among products, the economics of aggregation became even more favorable, hastening further concentration of ownership and distribution chains. Corporate ownership also made it more difficult for the USDA to monitor the ultimate recipients of program payments. The subsidized, low-cost system enabled corporate agribusiness to penetrate global markets waving a humanitarian flag of preventing hunger. Who could be against that?

The agricultural education and research side of USDA policy operated in synch with the secretary's policy objective, as one might expect it should, focusing on getting more annual production per acre with little attention to the long-term carrying capacity of the land or degradation of air and water due to erosion and runoff. Public research dollars supported the development of new pesticides, genetically altered seed varieties, and increased mechanization. (Articles by Jemison and Beal and Beal and Jemison, this issue, include discussion of some of the environmental consequences of American farm policy.) The environmental movement was just beginning, and its early focus was not on agriculture as a pollution source.

Environmental programs funded through the Farm Bill for rural areas were focused on grants for water and sewer systems and loans to communities administered by the Farmers Home Administration (FmHA). Rural housing assistance, parallel with programs administered for urban areas through the Department of Housing and Urban Development (HUD), also became attached to the Farm Bill as they were administered by USDA.

MORE RECENT FARM BILL TRENDS: CONSERVATION, ENERGY AND SPECIALTY CROPS

The environmental movement grew in strength and sophistication during the 1970s and 1980s, with agriculture recognized as a major polluter of our surface water. Beginning in 1985, and growing in importance since that time, the Farm Bill has included significant conservation-assistance programs to address impacts on air, water, and soil quality related to agricultural practices. These tend to be incentive-based programs, rewarding landowners with cost-share programs and technical assistance for using best practices in farm, ranch, and forestland management.

> Given the mammoth…advantage enjoyed by industrial agriculture interests, the reformers have had to work hard and in collaboration to make inroads….

Agricultural reform interests, most notably the National Sustainable Agriculture Coalition (NSAC), first organized during this time period. NSAC has worked to gather and build consensus among the various family farm, conservation, health, hunger, and social justice interests that oppose or feel marginalized by the industrial agricultural system. Given the mammoth financial and entrenched mainstream advantage enjoyed by industrial agriculture interests, the reformers have had to work hard and in collaboration to make inroads, but have won some victories in each successive Farm Bill. These have tended to take the form of additional funds and occasionally friendlier rules for small-scale agriculture, but the grip on commodity-support programs has remained solid.

There was one close year, 1996, when free trade agreements and philosophy threatened the commodity-payment system, but the trade-offs on balance strengthened the position of commodity farms. A plan to wean farmers from federal aid over seven years was thwarted by emergency payments made when prices dropped. The agreed-upon removal of subsidized acreage limits as a balancing factor was implemented, and the strategic grain reserve to help manage supply was terminated (Loria 2011). Direct and counter-cyclical commodity payments remain. And with no reason not to farm every acre, is there any surprise that market prices fall below the cost of production and need to be subsidized each year? The cycle becomes a self-fulfilling prophecy.

On to the next Farm Bill: 2002 was a banner year of Farm Bill growth as the federal government was running a surplus. A diverse coalition of interest groups became more active in attempting to influence agricultural policy, which had long been controlled by members of Congress from the midwestern and southern commodity-producing regions, those regions with the strongest historical ties to the commodity and other farm-support titles such as crop insurance, credit, and foreign aid. Members from other regions, including the Northeast, largely left these debates to be held among commodity interest groups and focused their attention and political capital on votes for areas of greater import to their respective regions.

Energy was added as a new title in that year, with corn-based ethanol and other biofuels coming into focus. The energy title was greatly expanded in scope and size in the 2008 bill with inclusion of the Rural Energy for America Program (REAP), but still retained a high degree of attention to biofuels relative to other energy initiatives. Federal policy has certainly had an impact in this sector; perhaps we've gotten what we paid for. The proportion of domestic corn production processed into ethanol has increased from seven percent to 33 percent over the last 10 years (Johnson and Monke 2010). What we have also paid for, which may not have been intended, are the resulting higher prices of corn for food and livestock feed and attendant environmental impacts of ethanol production when the full process is taken into account (see sidebar).

In 2008 the pie was further expanded. Two new titles—livestock and horticulture/organic agriculture—were added to the 2008 Farm Bill, a reflection of the growing strength of nontraditional agricultural constituencies with different interests that could effectively argue that none of the $42 billion dedicated for commodity support was distributed to livestock, fruit, or vegetable farmers.

THE POLITICAL GEOGRAPHY OF AGRICULTURAL APPROPRIATIONS

In agricultural policy, party affiliation has little to do with a House or Senate member's position, as interests are regional in nature. The political geography follows the economic geography. As a testament to this tenet, priorities in the Farm Bill have changed little regardless of committee chairmanships as Congress has switched from Republican or Democratic rule. Constituent interests remain constant, and lobbying groups have covered their bases on both sides of the aisle. A commodity-support program that had its origins with a small family-farm system now caters to a small, but powerful, group of large farm interests.

To understand how Congress aligns on these issues, one only needs to see the distinct geographical differences between the two opposing agricultural interest groups. "Specialty crops" are fruit, vegetables, tree nuts, greenhouse, floriculture, and nursery crops including sod. Relatively little of these are grown in the Midwest and South compared to the balance of the nation, with high concentrations on both coasts. While representing only three percent of crop acres, specialty crops capture 50 percent of farm cash receipts (Monke 2008).

Commodity crops of corn, wheat, rice, soybeans, oilseeds, sugar, cotton, and peanuts are grown in the Midwest and South. Corn, wheat, cotton, rice, and soybeans accounted for 90 percent, or approximately $1 billion per year on average, of outlays on commodity programs from 2003 to 2007. The producers receiving payments are just the beginning of a wide pipeline of well-represented food business interests with a major stake in protecting the status quo.

In the South and Midwest, agribusiness is king, and for many decades, elected members of Congress from these regions have controlled the key committees in both chambers to advance and protect their regions' interests. By controlling committee debates, serious discussion of commodity-payment reform beyond programmatic tweaks do not get far. Cases of "gaming the system" to dodge program limits through corporate layers have become widely publicized and criticized by both Republicans and Democrats. Last year Chuck Grassley (R-IA) and Russ Feingold (D-WI) co-sponsored legislation to tighten loopholes and address payment limits. Policy refinements continue to address the nuances of how these payments are made—for what reasons, by what formula, and with what limits. Yet the payments continue.

As a testament to the regional stranglehold on the commodity-support program, even Maine's highly respected and great negotiator, George Mitchell, when serving as Senate Majority Leader, could not leverage the votes of Wisconsin senators from his own party to enable reauthorization of the Northeast Dairy Compact. The compact had successfully piloted a creative and transparent agreement on fluid-milk (excluding cheese) pricing and was supported by producers, processers, retailers and consumers from New York to Maine. It worked for all facets of the dairy producer-processer-retailer-consumer chain and could be replicated in other regions to support local fluid-milk markets. But Wisconsin stood fast, defending the current flawed federal pricing system, which hampers stability for smaller dairy farmers nationwide. (See related article by Tim Drake, this issue, regarding Maine's innovative dairy-relief program, supported by Maine's consumers.)

Given the solid lock on commodity-support programs, those seeking reform can only point to the dollars benefitting a small segment of farmers, many of whom have been demonized as wealthy corporate absentee owners, and argue for equitable treatment. This strategy requires making the agricultural pie larger, or taking funds from other programs, and

Energy and Food Policy: More Unintended Consequences

Methods to help a new product to get into an established marketplace for long-term public benefit are time-honored policy vehicles. These can take the form of requirements for public purchases, such as recycled paper content, or preferences for disadvantaged business owners. Or they can take the form of tax credits, price subsidies, public research dollars, grants, loans, and loan guarantees. The list goes on and on.

These vehicles are, of course, intended to provide a market advantage for the intended beneficiary, which by the laws of economics causes a comparative disadvantage to others in the market. The oil and gas lobbies opposed preferences for renewable fuels for years until they had positioned themselves to participate in those incentives. If you can't beat 'em, join 'em.

When are subsidies or other market stimulation the right thing to do, what is the right level of subsidy, and when do you stop? These are tough questions for policymakers and often more unintended than intended impacts occur. Here are three examples of unintended consequences of renewable energy policy supports as they relate to food systems:

Example #1—Corn Ethanol: The subsidization of the production of corn ethanol has had clear and significant upward price impacts on food and livestock feed costs. Debates continue over the net energy and air-quality benefits and the food system impacts of the production of corn ethanol. Who balances out these competing concerns?

Example #2—Woody Biomass: Maine's wood-products industry is divided over the impact of subsidized new markets for woody biomass as thermal fuel. The wood-pellet industry is growing, while pulp costs have risen and farmers now have trouble getting sawdust for bedding, driving up their costs. Some gain while others lose. Who balances out these competing concerns?

Example #3—Used Cooking Oil: Laughing Stock Farm in Freeport has been growing year-round greens for its customers in greenhouses fueled by the used cooking oil of area restaurants, which used to pay to have the waste product removed. New transportation subsidies for biofuel have created a paying market for the used cooking oil, potentially disrupting this local community recycling of energy and food resources. The cost of local food production would skyrocket if the used cooking oil had to be purchased at the subsidized biofuel price. Fortunately in this case, the community relationships are stronger than the temptation to pocket short-term revenues, and restaurants are sticking with Laughing Stock. But we also need to migrate to new transportation fuels. Who balances out these competing concerns?

Debates over the wisdom of the Biomass Crop Assistance Program, Rural Energy for America Program, and subsidy for corn ethanol will be part of the Farm Bill reauthorization discussion along with FY12 budget negotiations. We have some of our own selfish interests at stake here in Maine. Who's in charge of the bottom line?

it has met with limited success during the 2002 and 2008 Farm Bills. During the current fiscal climate, such a strategy is a long shot. The recently approved FY11 agriculture budget contained serious reductions in most programs, but not in commodity supports.

THE YO-YO EFFECT: 2008 AND 2010 ELECTION IMPACTS

Leading up to the 2008 Farm Bill, advocates of a local and healthy food system forged stronger alliances than in past years with conservation interests to create a more unified lobbying block to compete with "big agriculture." The NSAC is the most prominent grassroots-based coalition addressing these combined issues. A coalition with a narrower focus is the Community Food Security Coalition (CFSC), which addresses making healthy, affordable food available in lower-income areas and food deserts. This effort was largely successful, making inroads on issues of concern to the local, food-security and healthy-foods movements.

During the George W. Bush Administration, the Northeast had lean representation on congressional agriculture committees. Senator Leahy of Vermont worked on the Senate side; he now has a strong committee ally in Senator Gillibrand of New York. On the House side, Rosa DeLauro of Connecticut was a lone voice from our region. With the 2008 gains made by Democrats, committee assignments made significantly more room for the Northeast on the House Committee on Agriculture. The 2010 elections brought another sea change, but the Northeast region currently holds eight seats on the House Committee, one held by Maine's 1st District Representative Chellie Pingree, who also sits on the Conservation, Energy and Forestry Subcommittee. So while the Northeast is still a minority voting block, there is theoretical critical mass with which to contend.

THE DEBATE OVER THE NEXT FARM BILL

The 2008 Farm Bill took an extra year to enact, in part due to multiple committees of jurisdiction in both chambers that had to approve fiscal offsets applied to the Farm Bill. In the past, programs with baseline funding anticipated into the future (including the traditional food stamp and commodity-support programs) were in the best position to be continued without arguing merits and finding offsets. The current debate will be much more challenging than in previous years given the intense pressure to reduce the deficit and "pay-go" budget rules enacted in 2010. While there's always an election coming up, this reauthorization process is timed to coincide with a presidential election that will exacerbate the intense polarization that already exists.

The National Campaign for Sustainable Agriculture and CFSC are preparing position papers advocating for local food systems. The Forests in the Farm Bill Coalition has prioritized an agenda for the forestry title (see Forests in the Farm Bill Coalition [2011] for more information). The National Associations of Counties and Development Organizations organize around the rural development title. Both the forestry and rural development titles are of great importance to Maine.

The president, through Secretary of Agriculture Tom Vilsack, has indicated his priorities of expanding the farm safety net, stimulating the rural economy, and adding 100,000 new farmers. Building the renewable-energy sector is also high on the list. The House side of Congress does not appear to share these objectives, at least where we've had a snapshot of likely positions from the recent debates on the FY11 and FY12 budgets. Environmental and energy programs have been slashed, while commodity programs have remained untouched.

The Administration's policy initiatives are arriving at a tough time both fiscally and politically. The Healthy Food Financing Initiative was not successful in getting new funds in the recent FY11 appropriations process. For the Administration or any member of Congress to propose a new initiative, they will have to at least find an offset, which means attacking a program with a constituency during an election year. Good luck with that.

ADDRESSING DEFICIT-REDUCTION CONCERNS

There is clearly a serious challenge facing Congress and the Administration regarding the growing federal deficit and mounting debt. Business as usual cannot be sustained. The question is how and with what priorities will reduced spending be achieved?

Given the recent FY12 budget approved by the House Appropriations Committee on May 31, however (not yet voted on by the full House as of the time of this writing), it would appear that the commodity interests are more than holding their own. Enormous mandatory program cuts, however, are proposed in the conservation, research, and energy titles. The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) had $700 million cut, including farmers' market coupons. Cooperative Extension would be cut by 11 percent and NRCS technical assistance staff would be severely curtailed if these cuts were to become law. The House Committee is further criticizing the costs to local schools of requirements for more fresh fruits and vegetables as called for in the Healthy, Hunger-Free Kids Act enacted in December.

DOING MORE WITH EXISTING RESOURCES—WHAT'S NOT TO LIKE?

What's a chief executive going to do when new appropriations are unlikely? Try to work within existing resources. There is always a tension between the branches of government regarding the leeway of the Executive Branch to advance the president's agendas without an Act of Congress. USDA Deputy Secretary Kathleen Merrigan has been leading the charge to support local and regional food systems by pushing existing programs in that direction. The Know Your Farmer, Know Your Food (KYF2) Initiative has packaged existing programs that may have application to local food systems, but has no direct program dollars of its own to distribute. All USDA agencies have been encouraged to find ways to use existing programs for support of local and regional food systems.

But even working within limited existing resources, there are opponents to this policy direction, which clearly threatens some who profit by the existing long-distance relationship between growers and consumers. In its recent FY12 budget report, the House Agricultural Appropriations Committee criticized the KYF2 Initiative and demanded accounting on funds spent for staff travel. Research dollars awarded to projects supporting development of local food systems were castigated as not constituting "true" research, suggesting future Congressional oversight may well prevent such investments.

WHAT'S AT STAKE FOR MAINE

Some of Maine's Farm Bill outlays are in line with formula distributions, such as agricultural inspectors or support for University of Maine Cooperative Extension. Others are highly variable. Table 2 lists the impact of some key Farm Bill programs in Maine. This list is by no means complete. We've already established that Maine like most of the Northeast region overall, receives little from the commodity title, perhaps just $2 million in milk price-support payments in 2010. However, on the nutrition title side, Maine has a high rate of participation in the Supplemental Nutrition Assistance Program (SNAP), and therefore uses a higher than national average proportion of those program dollars. SNAP represented $348 million in food stamp benefits to Maine in 2010, very significant indeed. But perhaps the sizable impact of the Farm Bill on the Maine economy that is not commonly known is that of USDA Rural Development (USDA RD) programs.

While representing a small fraction of Farm Bill funding at the national level, USDA RD's outlays have the biggest fiscal impact on our state, even outpacing SNAP. The $417 million USDA RD spent here in FY10 leveraged another $35 million in housing, community facilities, and business investments. Recipients included 7,500 families or individuals through the single- and multi-family housing programs, 280 businesses, and 59 community facilities. Since 2006, USDA RD has invested more than $5 million in programs supporting sustainable food systems in Maine and $15 million in energy programs (USDA RD 2010).

Land grant university formula funding to the University of Maine (UMaine) amounts to approximately $5 million in funding for Cooperative

Small Programs Can Have Big Impacts in Maine

The Farm and Ranchland Protection Program, just one small program administered by NRCS at a modest level of $1 million per year on average to Maine since 1998, has doubled the value of the state's allocations to the Land for Maine's Future Program. As a result, 8,025 farmland acres have been protected from development with conservation easements. This benefit has been spread among 32 farms in 10 counties.

TABLE 2: **Farm Bill Implications for Maine**

Rural Development	These programs, though part of one of the smaller titles overall, have enormous implications for Maine with investments in housing, community facilities (including broadband), and small-business programs (including energy efficiency and renewable energy). In 2010 alone, USDA Rural Development invested $417 million. Recipients included 7,500 families and individuals, 280 businesses and 59 community facilities. Since 2006, USDA Rural Development has invested more than $5 million in programs supporting sustainable food systems in Maine and $15 million in energy programs (USDA RD 2010).
Supplemental Nutrition Assistance Program (SNAP)	$348 million in 2010 (gateway.maine.gov/dhhs-apps/dashboard/). (See Schumacher, Nischan and Simon, this issue, for a rich discussion of this largest of Farm Bill programs.)
Farm Service Agency	FSA delivered $42.5 million in federal program payments to Maine farmers in FY10. Of this, less than $2 million were commodity payments, with slightly more than $1 million going to dairy farmers in the form of price supports. The lion's share of FSA support ($38 million) was delivered through the Biomass Crop Assistance Program, which was slated for elimination in the recent FY12 House Agricultural Appropriations Budget. Approximately $1.5 million in payments were distributed through conservation programs.
Natural Resources Conservation Service	The FY10 Maine NRCS budget was $21 million, with about one-third for technical services and two-thirds in cash-based programs to landowners and communities. See USDA NRCS (2010) for a compelling breakdown of the effectiveness of these conservation programs.
UMaine Cooperative Extension	$2.3 million in formula funds, which leveraged more than double that amount in competitively awarded research and extension grants ($4.8 million in FY10) to UMaine. The proposed FY12 House budget proposes an 11 percent cut in base formula funding for Cooperative Extension.
Maine Agricutural and Forest Experiment Station (UMaine)	$3 million in formula funds, which leverage millions of dollars in competitive research grants.
Maine Department of Agriculture Core Staffing	55 federally funded positions, mostly for health and safety inspectors.
Senior Farm Share Program	Maine makes aggressive use of this relatively small federal program to build direct relationships with local farms (further described in Schumacher, Nischan and Simon, this issue): $1 million in FY11.
Specialty Crop Block Grant Program	Administered by the Maine Department of Agriculture, enables Maine to target its share of funds to critical infrastructure, training, and promotion for Maine's potato, blueberry, organic, and small farms. This block-grant approach allows each state to determine its own needs, far better than establishing a federal program for each separate crop or picking winners and losers from a national perspective. About $400,000 per year.

Extension and the Maine Agricultural and Forest Experiment Station each year. The program that funds forestry research is known as the McIntire-Stennis program; the bill was coauthored in 1962 by Representative Clifford McIntire from Maine's 2nd District. All of these core funds are matched with state dollars and enable UMaine to successfully compete for many millions of dollars more in federal and private-sector research grants that pump a great deal into Maine's economy.

The fiscal impacts of Farm Bill program administration in and near Maine are not inconsiderable. Three USDA agencies—Natural Resources Conservation Service, Farm Service Agency, and Rural Development—maintain staffed offices throughout the state. So in addition to their outlays in payments to farmers, communities, residents, and businesses, there is a major payroll injection into the Maine economy. Farm Credit, a quasi-public farm lender authorized in the Farm Bill, maintains offices in Lewiston and Presque Isle. The regional office of the U.S. Forest Service is located in Durham, New Hampshire, and New England Agricultural Statistics is based in Concord, New Hampshire. Fifty-five positions are covered at the Maine Department of Agriculture, mostly for inspectors. Administrative funds for the food stamp program support positions at the Maine Department of Health and Human Services.

The Farm Service Agency (FSA) delivered $42.5 million in federal program payments to Maine farmers in FY10. Of this, less than $2 million were commodity-program payments, with slightly more than $1 million going to dairy farmers in the form of price supports. The lion's share of FSA support ($38 million) was delivered through the Biomass Crop Assistance Program. Approximately $1.5 million in payments were distributed through conservation programs.

Energy programs are of interest to Maine. Aroostook County's Mobilize Maine initiative has identified the biomass pellets sector (primarily from grass as a rotation crop) as its number one economic opportunity and has set a goal of converting 4,000 furnaces from oil to local biomass. The Biomass Crop Assistance Program, funded at $248 million in FY11, was just proposed for elimination in the FY12 House Agricultural Appropriations Budget. The Rural Energy for America Program (REAP) was also proposed for elimination, but was restored by amendment at a placeholder level of $1.2 million for FY12 (compared to $75 million in FY11). This action clearly renders these programs vulnerable in the upcoming discussions of the Farm Bill regardless of how the FY12 budget discussion progresses in the Senate. Maine's delegation will no doubt be active in this debate.

TUGGING ON BOTH ENDS OF THE ROPE—WHERE ARE WE GOING?

There is, and will be, quite a battle during the coming 18 months regarding the next Farm Bill. What are the objectives of U.S. farm and food policy? How will we know if we're getting there? Will we step back to clarify policy outcomes and target appropriations to meet those objectives? Will we consider the unintended consequences as we underwrite certain commodities and energy sectors?

Although not directly stated, most people would characterize our current agricultural policy as most friendly to industrial-scale agriculture, with some recent reforms made to support programs dear to advocates of sustainable food systems. As noted earlier, differing interests are largely determined by regional affiliation, but new alliances are forming between urban consumers and advocates of sustainable farming to broaden the Congressional districts invested in the Farm Bill. Congress has sent mixed messages of late, enacting the Healthy, Hunger-Free Kids Act in December, but balking at the rulemaking stage this spring. Sharp FY11 budget cuts were made to environmental and nutrition programs, but commodity payments were untouched. Where is this leading? Is there a plan?

To do this right, there would be a well-articulated vision for American agriculture as it relates to the well-being of our population, economy, and environment. Indicators of success would be established and the known unintended consequences considered. Trade-offs would be weighed and decisions explained. We could build a strategic and cohesive delivery system to advance U.S. policies on food, farm, and rural economic security.

This is not the way of most U.S. policy, and the Farm Bill is further burdened by the longstanding programs and well-rehearsed constituent advocacy around specific agendas in separate titles. Recognizing the pressure to reduce spending, constituents will be in a defensive posture, fighting ever harder to hold onto their current piece of the pie. Smart innovations are not born under such conditions.

With disparate interests at odds during a highly charged election cycle, the next Farm Bill is far more likely to be incrementally adjusted without the benefit of fresh thinking about a new and interconnected vision for U.S. agriculture and rural America. We can expect more segmented budgeting across dozens of programs administered by separate USDA agencies toward disconnected outcomes. But perhaps some indisputably great ideas will be picked up and advanced as more American citizens demand a healthier outcome for their tax dollars and make their voices heard.

Does anyone know where we're trying to go and how we'll know if we've arrived? How will we know if we got what we paid for?

Please turn the page for article references and information about the author.

REFERENCES

Beal, Amanda and John Jemison Jr. 2011. "Resource, Environment and Energy Considerations for Maine Food Security in 2050 and Beyond." Maine Policy Review 20(1): 172–182

Drake, Tim. 2011. "Maine's Dairy Relief Program." Maine Policy Review 20(1): 77–78

Forests in the Farm Bill Coalition. 2011. Forest Priorities for the 2012 Farm Bill. http://www.forestfoundation.org/stuff/contentmgr/files/1/ff126e3cc9cdfb99e511 91810144d761/pdf/fifb_coalition_web_version.pdf [Accessed June 1, 2011]

Jemison, John M. Jr. and Amanda Beal. 2011. "Historical Perspectives on Resource Use in Food Systems." Maine Policy Review 20(1): 163–171

Johnson, Renee and Jim Monke. 2010. What is the "Farm Bill"? Report RS22131 Congressional Research Service, Washington, DC. http://www.nationalaglawcenter.org/assets/crs/RS22131.pdf [Accessed May 20, 2011]

Loria, Kristen. 2011. From the Field to the Farm Bill: Can Federal Policy Changes Help Grow Local Food Systems? Thesis, Cornell University, Ithaca, NY. http://www.bioscienceresource.org/cms/documents/Local%20Foods%20and%20the%20Farm%20Bill%20Kristen%20Loria-2011.pdf [Accessed April 1, 2011]

Monke, Jim. 2008. Farm Commodity Programs in the 2008 Farm Bill, 2008. Report RL34594. Congressional Research Service, Washington, DC. http://farmpolicy.typepad.com/farmpolicy/files/crs_report_farm_commoidty_program_in_o8_fb.pdf [Accessed June 1, 2011]

Schumacher, Gus, Michel Nischan and Daniel Bowman Simon. 2011. "Healthy Food Access and Affordability." Maine Policy Review 20(1):

U.S. Department of Agriculture Natural Resources Conservation Service (USDA NRCS). NRCS Maine 2010 Accomplishments Report. USDA NRCS, Bangor, ME ftp://ftp-fc.sc.egov.usda.gov/ME/PDFfiles/2010AnnualReport.pdf [Accessed June 3, 2011]

U.S. Department of Agriculture Rural Development (USDA RD). 2010. USDA Rural Development Annual Report 2010: Maine. USDA RD, Bangor ME. http://www.rurdev.usda.gov/me/Success%20Stories/MAINE%20Annual%20Report.pdf [Accessed May 15, 2011]

Mary Ann Hayes has more than 30 years of Maine-based experience in community engagement, policy development, and planning. Since 1990, she has also helped to manage a 100-head dairy herd at her home in Thorndike. Mary Ann currently serves as executive director of Maine Rural Partners, Maine's federally recognized state rural development council, where she works to help rural communities to thrive in place.