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AGRICULTURE REFORM, FOOD AND JOBS
ACT OF 2012

R E P O R T

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION
AND FORESTRY

ON

S. 3240

together with

ADDITIONAL VIEWS



AUGUST 28, 2012.—Ordered to be printed
Filed, under authority of the order of the Senate of August 2, 2012

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SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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Ms. STABENOW, from the Committee on Agriculture, Nutrition and Forestry, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany S. 3240]

The Committee on Agriculture, Nutrition and Forestry (the Committee), reported an original bill (S. 3240) to reauthorize agricultural programs through fiscal year 2017, and for other purposes, having considered the same, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of this legislation is to reform, extend, modify, streamline and strengthen the nation's policies and programs pertaining to food, fiber, agriculture, conservation, rural development, agricultural trade and food aid, rural energy initiatives, forestry on private lands and research, education, and extension encompassing these subjects. Congress most recently addressed these programs comprehensively in the Food, Conservation, and Energy Act of 2008 (P.L. 110-627).

The reported bill reduces the deficit by reductions in mandatory spending through policy-based revisions that improve the function and effectiveness of the programs created or extended by this legislation. These revisions include reforming assistance to farmers and ranchers through coverage for the actual risks that farmers and ranchers face; strengthening the efforts by farmers and landowners to conserve and enhance the quality of natural resources related to agriculture production, including privately owned forest land; and

promoting agricultural trade and market opportunities and providing food aid and development assistance to developing countries.

The bill also works to improve the integrity of food assistance to low-income families and the diets and health of all Americans. It streamlines the authorities for the provision of credit to farmers and ranchers and improves efforts to help young and beginning farmers and ranchers. The bill also fosters economic growth and a high quality of life in rural communities while streamlining the authorizations and improving program effectiveness.

A significant purpose of the reported bill is improving support for the research, education and extension efforts involving food, agriculture and related fields. The reported bill also invests in the research, development and use of agriculturally-based renewable energy, chemicals and other biobased products, and it continues and enhances investments that assist and promote specialty crops and organics. Finally, the reported bill aims to enhance and improve federal crop insurance for all crops.

The reported bill authorizes programs for the 2013 through 2017 crop and fiscal years.

BACKGROUND AND NEEDS

TITLE I—COMMODITY PROGRAMS

For nearly 80 years, the United States has provided support to agricultural producers through a variety of programs and initiatives. Historically, the vast majority of that support has come in the form of protection from low prices, supply or production controls and general subsidy or income transfer payments. In recent years, Congress has emphasized policies that address farm risks. In 2000, Congress passed the Agriculture Risk Protection Act that enhanced risk management for farmers through the public-private partnership with crop insurance providers. In 2008, the Food, Conservation, and Energy Act (the 2008 Farm Bill) included two revenue-based assistance programs: one as an alternative to counter-cyclical payments and another targeted at assistance for natural disasters. The bill reported by the Committee builds upon those earlier efforts and takes a significant step forward in reforming commodity policy by moving away from income and price supports and towards risk management with assistance only in the case of loss.

Recently, the agricultural sector has experienced unprecedented strength and economic growth, while at the same time the national economy has struggled to recover from an economic downturn. The Economic Research Service at the U.S. Department of Agriculture (USDA) has forecast record net farm income in 2011 and 2012, exceeding \$90 billion each year. Additionally, USDA estimates that the five years of highest earnings for farmers over the last three decades have occurred since 2004. Record high commodity and livestock prices, caused by strong demand both domestically and overseas, have driven farm incomes. However, historic prices are also pushing up input costs and land values to record levels and increasing the level of risk a farmer must manage.

The reported bill accomplishes significant and fundamental reform of the commodity programs, delivering substantial reductions in mandatory spending while still helping farmers and ranchers in

times of need. Direct payments, counter-cyclical payments and the Average Crop Revenue Election payments are eliminated beginning with the 2013 crop year. In their place, a new risk-based, market-oriented program is authorized for the 2013 through 2017 crop years. The Agriculture Risk Coverage (ARC) program updates and modernizes commodity assistance, reforming federal agricultural policy in significant ways.

Current programs make payments utilizing what are known as base acres, in combination with payment rates and target prices established by Congress. The base acres used for current programs are determined using historic planting records of covered commodities on farms. Often these records date to the 1980s and come with historical yields from the same era. Congress provided for a voluntary "base update" in the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill) but it was not widely utilized. In 1996, Congress provided farmers the flexibility to plant any covered commodity on their farms but payments were disconnected from actual plantings; a policy known as "de-coupling" of payments.

In response to market conditions, producers have updated their farming practices and changed what they plant on their farms significantly since the 1980s. For example, market forces have recently led many farmers in all regions of the country to plant soybeans on their farms. However, most base acres do not take into account these new, market-based planting decisions. As such, farmers today in different regions of the country can grow the exact same covered commodity, such as soybeans, but receive substantially different payments from Title I programs. Average direct payments for rice base are nearly ten times higher than direct payments for soybean base, so a farmer growing soybeans on rice base will receive almost ten times the Federal support as a farmer growing the same soybeans on soybean base. Counter-cyclical payments also utilize base acres. Using the same example, if prices for rice fall below the target price, a counter-cyclical payment is made to farmers with rice base. The farmer growing soybeans on rice base would thus receive a counter-cyclical payment for rice and the larger rice direct payment, while the farmer growing soybeans on soybean base does not receive a rice counter-cyclical payment.

The reported bill eliminates base acres and instead makes payments on a producer's planted acres. Payments are determined by actual county or individual farm yields and actual market prices. The guarantee upon which a payment is triggered utilizes a benchmark calculation of actual yields and market prices on a rolling five-year basis, dropping out the highest and lowest years of each (known as the "Olympic average"). As such, ARC treats every covered commodity and every farmer growing a covered commodity in the same fashion.

ARC is designed to provide assistance with the actual risks a farmer faces. It is not intended to enhance or protect any one covered commodity's share of the Congressional Budget Office's forecast of future spending (the CBO baseline). The Committee acknowledges that the risks a farmer must manage to produce crops are immense and come from both weather impacting crop yields, and from the market delivering a price too low to cover the costs of producing a crop. The Committee acknowledges that crop insurance provides very effective coverage for yield risk for many crops

and farmers. The improvements contained in Title XI are designed to make it more effective for more farmers and more crops. However, crop insurance, covers only a portion of the loss and includes a “deductible” above which the farmer is self-insured. The deductible can be larger than a farmer’s operating margin. ARC provides limited assistance within the deductible range for revenue losses not otherwise covered by crop insurance.

Because crop insurance does not cover multi-year price risk, the Committee acknowledges that significant risk exposure for farmers comes from a collapse in prices that is sustained or multiple years in which prices decline. Low or declining prices are especially problematic because farm input costs—such as the cost of seed, fuel and fertilizer—tend to increase with commodity prices but not decrease as quickly as commodity prices. Farmers typically contract in advance for these inputs further exposing them to downside price risk. Previously, Congress turned to counter-cyclical policies that used statutorily-established target prices to provide payments when prices fall below the target price. Because the statutory target prices do not keep pace with the market, this policy is ineffective. Simply raising target prices can also cause distortions when farmers plant for program payments in times of low market prices and can pay a farmer in high-revenue years when yields make up for price declines. This is especially true when target prices are tied to planted acres.

The Committee created ARC to provide effective, market-oriented assistance for price declines without insulating farmers from long-term trends in the market. By using a rolling five-year Olympic average of historical prices, the program provides assistance when the market decreases significantly year-over-year; allowing farmers and input prices the ability to respond. If the market decline is short-term, program assistance can help with the volatility. If the decline is longer-term, such as more than four or five years, ARC adjusts with the market and the guarantee decreases to avoid distortions. The Committee understands that price declines over a longer timeframe do not constitute shocks to the system that threaten farm operations; rather they are trends requiring appropriate responses by farmers. Accordingly, ARC provides assistance in the initial years of collapsed or declining prices allowing input prices to follow commodity prices lower and provide farmers time to adjust their operations. The five-year Olympic average price used in ARC is a market-oriented solution to the multi-year price risks a farmer must manage.

The reported bill also continues marketing assistance loans and loan deficiency payments through the 2017 crop year with only two changes. Due to the loss before the World Trade Organization in a dispute initiated by Brazil against U.S. cotton supports, the loan rate for cotton is revised so that it can float between \$0.52 per pound and \$0.47 per pound based on a rolling two year average of prices. In addition, the conservation compliance provisions currently applicable to Title I programs and continued in this legislation are also applied in their entirety to the marketing loan program.

The current sugar program is also continued without change through the 2017 crop year.

Subtitle D of Title I provides assistance to dairy producers by establishing new programs that utilize risk management concepts while contributing to deficit reduction. The programs will provide market signals to help prevent over-supply and to help insure against profit margin reduction. The dairy industry experienced serious hardship in 2009 when prices received for milk marketings decreased significantly, resulting in an estimated 20 percent loss in dairy farm equity. The total loss of equity from 2007 through 2009 is estimated at \$20 billion. Existing dairy support programs, including the Milk Income Loss Contract (MILC) program and the Dairy Product Price Support Program (DPPSP), proved insufficient for ensuring the viability of the domestic dairy industry. In response, dairy producers representing operations of all sizes undertook a nationwide effort to create a proposal that would help insure against reduced operating margins and stabilize dairy markets in times of overproduction. The reported legislation formalizes concepts of the producers' proposal.

The reported legislation repeals MILC, DPPSP, and the Dairy Export Incentive Program (DEIP) and replaces them with a new, voluntary safety net, comprised of the Dairy Production Margin Protection Program (DPMPP) and the Dairy Market Stabilization Program (DMSP). The Committee's revisions to the original proposals contained in the reported bill are intended to ensure that the programs are growth and export oriented, as well as more equitable to farms across the country. The new safety net can be customized for each dairy farm, putting affordable risk management in the hands of dairy producers. To participate, producers will opt-in to the DMPP, elect a level of protection that fits each operation's risk management needs, and share in program costs, allowing producers of all sizes to manage risk on more of their milk production at higher protection levels. Previous safety net programs did not require producer investment and had limited effectiveness for many dairy farms due to various limitations on the assistance provided.

The first component of the new safety net, the DPMPP, provides support based on the fluctuating margin between prices received for milk marketings and feed input costs. The DPMPP guarantees basic, catastrophic margin protection on an established production base for all participating dairy operations when margin dips below \$4.00 for defined consecutive two-month periods. Producers pay an administrative fee for the program. The fee structure is marginally progressive, requiring higher fees from larger operations that may benefit more in times of low margins. The fee is intended only to supplement the costs of administering the programs and support other measures that will improve dairy markets. In addition to the basic guarantee, the DPMPP also provides producers with an annual opportunity to manage market volatility by buying up additional, supplemental margin protection over the \$4.00 basic guarantee, in \$0.50 increments, up to \$8.00 margin protection on no less than 25 percent and no more than 90 percent of milk marketed. The production base for supplemental margin protection may be updated annually to allow dairy operations and the domestic dairy industry the opportunity to grow over time.

Small and medium size operations tend to have higher relative overhead costs than larger operations due to efficiencies of scale. The Committee recognizes the differences, and provided additional

premium subsidies for smaller farms. The reported bill provides a discounted premium on the first four million pounds of milk marketed by each participating producer. To make the program more equitable, all participating dairy operations will qualify for the discounted premium regardless of operation size.

The second component of the new safety net, the DMSP, is designed to correct imbalances in dairy supply and demand when margins are low. The stabilization program provides a market signal based on margin that indicates when producers are oversupplying the market. Generally, when prices for milk marketings fall operations often work to produce more milk in order to increase revenue. This behavior can rapidly lead to an oversupply of milk, further depressing prices. The DMSP requires producers participating in the margin protection program to temporarily slow production when supply is outpacing demand. When the DMSP is in effect, participating operations will be paid on a percentage of a rolling base, requiring an operation to reduce milk marketings or face a reduced payment. By reducing a participating operation's milk payment by a percentage during times of oversupply, DMSP removes the incentive for farms to overproduce during times of low margins. Money withheld by the DMSP will be used for USDA dairy product purchases and other activities that rebuild demand. DMSP also includes a program suspension trigger based on world prices to help ensure the stabilization program does not result in an increase of cheaper imports into the U.S. market, and to help maintain U.S. dairy product competitiveness in export markets.

Federal Milk Marketing Order (FMMO) reform was not included in the reported legislation. The Committee believes the Department's well-established process for considering FMMO reform is adequate for addressing potential reform. The Committee reauthorized the authority for the FMMO Review Commission.

The reported legislation includes provisions that require dairy processors to report on more product characteristics to aid in price discovery, including price, quantity, and moisture content of dairy products sold. Additionally, the legislation requires cold storage reporting on quantity and characteristics of dairy products stored by processors or other cold storage facilities.

The reported legislation also requires a study of the new programs' impacts on the dairy industry prior to consideration of the next Farm Bill. The Committee wants to ensure that the DMSP is working as intended, strengthens the dairy industry as a whole, and is not harming the U.S. dairy industry's ability to thrive in an expanding global marketplace.

Subtitle E of Title I represents another significant change in farm commodity policy. In 2008, the Farm Bill established a suite of programs to assist farmers and ranchers with losses due to natural disasters. Those programs included Supplemental Revenue Assistance Payments (SURE), Livestock Indemnity Payments (LIP), the Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP), and the Tree Assistance Program (TAP). All funding and program authorities expired at the end of fiscal year 2011 and do not cover losses suffered by farmers and ranchers in fiscal year 2012. This legislation reauthorizes LIP, LFP, ELAP and TAP with some modifications for fiscal years 2012 through 2017. The legislation moves

the programs into Title I and funds them out of the funds of the Commodity Credit Corporation. The assistance provided by LIP, LFP, ELAP and TAP is now incorporated into Title I, thereby providing permanent funding baseline for these important disaster assistance programs and placing them on the same reauthorization schedule as the rest of this title. The SURE program is not re-authorized.

Finally, the reported bill contains substantial reforms for commodity programs in terms of limiting payments to farmers, tightening the eligibility requirements based on the producer's Adjusted Gross Income (AGI) and prohibiting individuals who are not actually farming from being able to qualify themselves or an entity for payments under Title I. ARC payments are limited to \$50,000 per individual, which can be doubled with a spouse as in current law. In addition, the current practice of providing a separate payment limit for peanuts is applied to payments under ARC. The legislation also revises the AGI limitation, removing the farm/nonfarm distinction in calculating income and setting the eligibility requirement at \$750,000.

Current law requires that to receive a payment a person or entity must be "actively engaged in farming." This requirement allows multiple people to qualify as actively engaged in the farming operation on the basis of providing "active personal management." The reported bill removes the "active personal management" component, requiring the provision of labor to qualify as actively engaged. A farm entity may include one person who can qualify as actively engaged as a manager of the farm, but limits it to a single individual and precludes that individual from qualifying multiple entities or qualifying the farm operation for more than the statutory payment limit.

The current farm bill authorizations expire with the current crop and fiscal years. If they are allowed to expire, farm policy reverts to the 1949 Agricultural Adjustment Act and the outdated policies contained therein. The impact on farmers cannot be estimated but it is expected to be extremely expensive for the federal taxpayer. Moreover, the U.S. Department of Agriculture would struggle to abruptly adjust administration of current programs and implement policies created over 60 years ago. Accordingly, the reforms and policy changes in this legislation are necessary in their own right, but are also needed to avoid complications resulting from a return to long-outdated permanent law.

TITLE II—CONSERVATION

Agriculture is measured in generations. The most successful farms and ranches are those that can be passed along to children and grandchildren. Agriculture prospers with good, quality soil and clean water in sufficient quantities. As such, the reported bill continues current investments to help farmers and ranchers conserve vital natural resources.

The Committee acknowledges estimates that by 2050 our world population will reach 9 billion people; requiring a 70 percent to 80 percent increase in agricultural production. As incomes rise around the world, diets improve and the demand for higher quality food increases. Much of this demand will be met by America's farmers and ranchers, who will also need to sustain vital natural resources such

as soil and water. While advancing technology for seeds, inputs, and farming practices will enable farmers and ranchers worldwide to meet increasing demand, sound agricultural conservation practices are necessary to preserve agricultural productivity for future generations.

The Committee recognized that savings could be achieved in this title responsibly through a review of current programs. Emphasis was placed on improvements that enhance program effectiveness and achieve reductions in future outlays. The reported bill continues important conservation investments, while streamlining and improving programs to make them more effective and reducing overall spending in this title. The most significant changes in the reported bill involve the Conservation Reserve Program, conservation easements and regional partnerships for conservation. The legislation achieves savings in the Environmental Quality Incentives Program in part through consolidation of the Wildlife Habitat Incentive Program. Savings also are achieved through improvements to the Conservation Stewardship Program, along with a slight reduction in the annual acreage enrollment limitation.

For 25 years, the Conservation Reserve Program (CRP) has helped preserve soil, water and wildlife resources by placing highly erodible and environmentally sensitive farmland in conserving uses through voluntary contracts with farmers, ranchers and landowners. The 2008 Farm Bill limited CRP enrollment to 32 million acres. Recently, however, high prices and strong demand for land on which to grow commodities have dampened enrollments, reducing the program to just under 30 million acres. Over the next two years alone, contracts on more than 10 million acres currently in the program will expire, many of which are likely to transition to productive agricultural uses. As such, the Committee concluded that lowering the enrollment cap better reflected current program demand, and that significant savings also could be achieved. Understanding the challenges involved in lowering the enrollment cap, the Committee established a multi-year "step down" of the acreage cap over the five-year life of this legislation. This achieves savings while providing for annual signups that allow the most sensitive and erodible lands to remain in the program, while those lands suitable for production return to agricultural uses. The reported bill provides greater certainty for lands enrolled in CRP to be used for grazing and harvesting, consistent with the conservation purposes of the program. It includes new opportunities for owners and operators to prepare lands for agricultural uses in the last year of the contract.

Conservation easements help to protect specific types of environmentally sensitive lands, such as wetlands and important grazing lands. Easements are also valuable tools for preserving farm and ranch land that is under development pressure. Such easements retain those lands in agricultural uses to produce the crops vital to our national security and economy, as well as the growing food needs of an expanding world population. Current law has three easement programs: the Grasslands Reserve Program (GRP); the Wetlands Reserve Program (WRP) and the Farmland Protection Program (FPP). The authorities for two of these programs expire in fiscal year 2012, as does their baseline for reauthorization,

which would put at risk the opportunity to protect and preserve these lands.

The Committee consolidated the three conservation easement authorities into a single, simplified program, the Agricultural Conservation Easement Program. The overall program contains two parts: Agricultural Land Easements and Wetland Easements. Agricultural Land Easements are used to protect lands from development and keep them devoted to agricultural uses, including protecting grazing lands or traditional grasslands and keeping them in grazing and related uses. Wetland Easements are used to restore, protect, and enhance wetlands, which are important for water quality, quantity and wildlife habitat objectives in many areas. The single program is better focused on long-term land protection with a sufficient investment to be effective in achieving the program's goals.

Other significant changes in the reported bill involve consolidating four existing programs into a single, innovative approach to support locally led conservation projects that address soil, water, or wildlife habitat issues in a specific area or region. The Regional Conservation Partnership Program combines core functions of the Agricultural Water Enhancement Program, the Chesapeake Bay Watershed Program, the Cooperative Conservation Partnership Initiative and the Great Lakes Basin Program for Soil Erosion and Sediment Control. In both the 2002 and 2008 farm bills efforts were made to allow eligible organizations to partner with the Secretary and agricultural producers to build solutions-oriented approaches to local natural resource conservation issues. These past efforts have formed a foundation for the Committee's work in the reported bill. The Regional Conservation Partnership Program takes the next step by consolidating the best features of those efforts under one set of core authorities. This will streamline and simplify the partnership approach for producers, eligible partners and USDA. The Committee believes that partnerships are a cornerstone for conservation and will only continue to grow in importance in the future. The Regional Conservation Partnership Program is a competitive, merit-based program that encourages producers to come together in a collaborative way. Producers and the organizations that they know and trust will sit around the same table with USDA and come up with a joint strategy for how to tackle their most pressing conservation issues. Importantly, limited federal resources will be magnified and multiplied by private resources; all of which are focused on natural resource conserving efforts at the farm and ranch level with a regional focus.

TITLE III—TRADE

The Committee has jurisdiction over two types of program authorities in this title: (1) programs that promote exports of U.S. agricultural products; and (2) programs that provide food aid to other nations. Both types of programs are important to the agricultural economy and to our nation's geopolitical interests, including providing humanitarian relief to nations facing significant food emergencies such as famine.

Agricultural exports remain a bright spot for U.S. trade as it is one of the only sectors where the U.S. runs a trade surplus, exporting more than we import. U.S. farm exports reached record levels

in 2010 and 2011 at over \$115 billion and over \$136 billion respectively. In comparison, the U.S. exported \$53.7 billion worth of agricultural products in 2001—an increase of over 150 percent. Title III of this legislation reauthorizes important programs to continue expanding agricultural exports and trade through promotion activities that open new markets and develop new customers, as well as working to combat trade barriers for U.S. products.

In general, the reported bill extends current authorizations and funding levels for the export promotion programs in this title. These programs include the Market Access Program, the Foreign Market Development Program, the Emergency Markets and Facility Guarantee Loan Program, Technical Assistance for Specialty Crops and the Global Crop Diversity Trust. Minor changes are made to the Export Credit Guarantee Program (GSM-102) to help meet our obligations pursuant to the dispute settlement brought by Brazil before the World Trade Organization.

The Committee also recognizes the importance of America's leadership in times of food emergencies. Between 850 million and 1 billion people in 77 countries are currently estimated to be food insecure. In 2011, the Food for Peace program authorized in this title benefitted over 46 million people. Annually, Food for Peace donates over 2.5 million metric tons of commodities around the world. Additionally, the McGovern-Dole program authorized by this title helps feed about 3 million children each year, while the Food for Progress program benefits about 7 million people annually. The food aid programs in this title benefit over 60 countries. The Committee recognizes the importance of this assistance and has reauthorized the relevant programs while at the same time reforming key policies to reduce waste in the system and provide flexibility to respond to changing food aid needs.

In general, the reported bill extends current authorizations for international food aid through fiscal year 2017. The reported bill also increases funding available to support strategic prepositioning, which brings food aid commodities to at-risk regions before food emergencies strike. The bill also expands on the success of a pilot program from the 2008 Farm Bill for local and regional food aid procurement, which allows organizations to purchase food through local and regional markets. By linking local and regional purchasing with the McGovern-Dole International Food for Education and Child Nutrition Program in the application process, this bill also encourages project graduation for schools participating in McGovern-Dole. The bill puts into action the recommendations of a study authorized by the 2008 Farm Bill to research the quality of U.S. food aid. The Administrator is given increased flexibility to improve the nutritional profile of food aid for target populations, such as children under five and mothers. Since passage of the last farm bill, the famine in the Horn of Africa has brought new organizations and governments to the region, all intent on helping reduce hunger and improve food security. This pilot helps coordinate the efforts on the ground by looking at interactions and providing for groups doing resiliency work—efforts that will help ensure that famine does not occur again.

TITLE IV—NUTRITION

The legislation reauthorizes the Supplemental Nutrition Assistance Program (SNAP), formerly known as “Food Stamps.” SNAP provided food and nutrition assistance for an average of 44.7 million low-income Americans per month with average benefits of \$4.46 per individual per day. The Committee acknowledges that SNAP has proven vital for families who have lost their jobs or significant income during the Nation’s recent economic downturn. According to the Census Bureau’s Supplemental Poverty Measure, SNAP lifted about 4 million people out of poverty in 2010, including over 2 million children.

SNAP assistance goes to truly poor families and the most vulnerable members of our society. Roughly 93 percent of SNAP benefits go to households with incomes below the poverty line and nearly 75 percent of SNAP participants are in families with children. About 16 percent of all households receiving SNAP include an elderly member of the family and nearly 20 percent include someone who is disabled. In 2012, SNAP is expected to serve 4 million seniors, 4 million adults with a serious disability, and 23 million children—including 10 million children who live in severe poverty because their families’ cash income is below half of the poverty line.

SNAP is a counter-cyclical program which expands when the economy is weak and contracts as the economy improves. The Congressional Budget Office projects that SNAP will shrink to nearly pre-recession levels as the economy recovers. For most families, SNAP is a temporary lifeline when a troubled economy hits home limiting their ability to put food on the table. Approximately half of new SNAP recipients receive assistance for 10 months or less. As the economy recovers and the economic situation in a household improves, the need for assistance recedes and many families exit the program. Moreover, Moody’s Analytics estimates that every \$1 increase in SNAP benefits generates \$1.72 in economic activity.

The Committee acknowledges any program of SNAP’s size and scope will need periodic review for improvements to ensure program integrity. The Committee recognizes SNAP error rates were at an all-time low of 3.81 percent in fiscal year 2010, and that less than 1 cent of every dollar is lost through fraud and abuse. The Committee also recognizes commercial retailer trafficking was about 1 percent. The reported bill includes provisions to enhance program integrity, including the prevention of SNAP participation for individuals with significant lottery or gambling winnings, limits on eligibility for traditional college students, and the provision of additional resources to help the Department of Agriculture prevent the trafficking of SNAP benefits.

The Committee strengthened program integrity and achieved budgetary savings by addressing concerns regarding the connections between the Low-Income Home Energy Assistance Program (LIHEAP) and the Standard Utility Allowance (SUA) used in the SNAP food benefit calculation. To streamline State administration of the SNAP program, each State develops and uses a simplified SUA, a fixed dollar amount representing the average household energy costs in the State. States use the SUA to calculate the utilities expense deduction for households in their State. SNAP households that qualify for the SUA will typically receive a higher average

amount of monthly SNAP food benefits based on average utilities being paid. Typically, to qualify for the SUA, SNAP households must provide actual utility bills. An exception is LIHEAP. Because LIHEAP rarely covers the full amount of utilities a household pays, receipt of LIHEAP is considered to be a reasonable proxy for actual utility expenses. SNAP allows households that receive LIHEAP to claim the SUA. Some States have chosen to provide an annual nominal amount (e.g. \$1) in LIHEAP benefits to households all SNAP households to boost monthly SNAP food benefits. According to the Congressional Budget Office, 17 State agencies are issuing nominal LIHEAP benefits to qualify households for additional monthly SNAP benefits.

In general, the Committee supports continuing the practice of utilizing income and deductions as a means to determine appropriate benefit levels based on the amount of income that is available for a household to make necessary food purchases. “Shelter costs” are one of the key components in this determination. The intent of the excess shelter deduction is to appropriately increase benefits for those households with significant housing and utility expenses. LIHEAP is targeted to low-income households who cannot afford to pay their energy bills. Moreover, the Congressional Budget Office has indicated that this connection also reduces SNAP administrative costs. The Committee is concerned with the use of nominal LIHEAP payments to increase SNAP benefits. The Committee contends that State issuance of nominal LIHEAP payments to qualify all SNAP households to claim the SUA is not consistent with the intent of the SNAP utility expense deduction. As such, the reported bill requires SNAP households to receive at least \$10 in annual LIHEAP benefits to qualify for the Standard Utility Allowance. The Committee intends for this change to sufficiently deter the practice of using nominal LIHEAP benefits while not disrupting the relationship between SNAP and LIHEAP and minimizing the impact on SNAP recipients.

In addition to provisions related to program integrity in SNAP, the reported bill builds upon programs to reduce hunger and improve access to healthy fruits and vegetables for seniors, schoolchildren, and both urban and rural residents in low-income communities. The Committee recognizes the need for additional resources to help the most vulnerable, and the reported bill provides additional resources for USDA through the Emergency Food Assistance Program to provide assistance to our Nation’s food banks. The bill also modifies the Commodity Supplemental Food Program to better focus limited resources on seniors who represent nearly 97 percent of program participants. In addition, the bill continues the distribution of fresh fruits and vegetables by the Department of Defense to schools and service institutions, and authorizes USDA to utilize modern technology for SNAP food benefit redemption at farmers markets and grocery stores.

TITLE V—CREDIT

The Committee is dedicated to preserving the ability of rural America to access financial credit at reasonable rates in order to ensure continued economic health and growth. Agricultural lending is used to purchase and operate farms, start and expand agricultural businesses, and to purchase agricultural equipment. Impor-

tant sources of agricultural credit include commercial lending, USDA, the Farm Credit System, and Farmer Mac. The Committee will continue to work with these stakeholders to increase access to affordable credit in rural America.

The USDA operates a suite of lending programs for farmers and ranchers through the Farm Service Agency's (FSA) Farm Loan Programs. The programs provide assistance for beginning farmers and ranchers, and for farmers and ranchers with limited resources. Farming today requires substantial capital to begin and continue operating, a significant challenge to young and beginning farmers who have a difficult time obtaining capital and face other barriers to entry. The Committee recognizes the success of FSA's lending portfolio. In fiscal year 2010, FSA made more than \$5 billion in loans to over 36,000 farmers. In fiscal year 2011, FSA made more than \$4.8 billion in loans to over 32,000 farmers. Both years represent some of the highest lending levels for the Agency and demonstrate the continued strong demand for FSA loans. 14,800 of the loans were made to young, new and beginning farmers. In fiscal year 2011, the direct loan delinquency rate was 5.7 percent and the direct loan loss rate is 0.9 percent. For the guaranteed programs, the delinquency rate is 1.43 percent and the loss rate is 0.50 percent.

The reported bill reauthorizes current programs through fiscal year 2017. Of note, the reported bill includes substantial legislative language for both Titles V and VI (Rural Development). The underlying statute for both titles is Public Law 87-128, the Consolidated Farm and Rural Development Act of 1961 (ConAct). Subsequent farm bills and other legislation added programs, requirements, and other provisions to the ConAct, and several ConAct provisions have become inoperable and contradictory. Over the course of 51 years of amendments, the ConAct has become confusing, convoluted and disorganized. The Committee undertook an effort to streamline and reorganize the ConAct to improve the clarity and administration of authorized programs, which is reflected in the legislative text of both Titles V and VI of the reported bill. Specifically for credit programs, general authorities for Title V continue in one consolidated subtitle. In carrying out the programs and activities authorized in Title V, the Committee expects USDA to continue operating the programs and activities in accordance with the regulations and procedures in effect on the date of enactment of this Act to the extent that they are consistent with the requirements applicable to such programs and activities provided in this Act. The Committee stresses that it is important that the streamlining of the ConAct not disrupt lending to rural America.

The Committee provides continued support to new and beginning farmers and ranchers by adjusting down payment loan limits, expanding eligibility for new legal entities created for succession planning, adjusting term limits for direct operating loans, and eliminating term limits for guaranteed operating loans. The Committee also provided additional support for military veterans interested in pursuing careers as farmers and ranchers.

The reported bill also adjusts programs to provide lending assistance to farmers and ranchers that struggle with obtaining access to credit, including the historically disadvantaged. First, the reported bill allows the Secretary of Agriculture to establish inter-

mediate relending for the highly fractionated land program for Indian tribes and tribal corporations. Second, the reported bill updates the term limits for the receipt of both direct and guaranteed loans. In 1996, the Federal Agricultural Improvement and Reform Act added provisions to the ConAct to impose term limits on direct and guaranteed operating loans administered by FSA. The term limits were suspended by Congress in 2002, 2006, and most recently by the 2008 Farm Bill which extended the suspension through December 31, 2010.

The reported bill eliminates the 15-year lifetime term limits for guaranteed operating loans, and modifies the 7-year lifetime term limits for direct operating loans. For guaranteed operating loans, the term limits were eliminated, as the program is self-sufficient without cost to the American taxpayer and assists commercial lenders in offering needed credit. For direct operating loans, for every three consecutive years a borrower does not take out a loan from FSA, a borrower gains one additional year of eligibility. The change to direct operating loans addresses the potential of future down cycles for farmers and ranchers, and encourages graduation to commercial credit.

TITLE VI—RURAL DEVELOPMENT

As in Title V, this title of the reported bill contains significant legislative language to streamline and reorganize the Consolidated Farm and Rural Development Act of 1961, Public Law 87–128, (ConAct) so as to improve the administration of authorized programs and to simplify the process for those seeking assistance. The legislative text in Title VI is also the result of that effort. The general authorities for rural development are continued but have been organized into specific subtitles. In carrying out the programs and activities authorized in the rural development title, the Committee again expects that the Secretary will continue to operate such programs and activities in accordance with the regulations and procedures in effect on the date of enactment of this Act to the extent that they are consistent with the requirements applicable to such programs and activities provided in this Act.

The Committee has reauthorized the core rural development programs that rural constituents rely on to improve infrastructure and support community and economic development. The Committee believes these programs provide resources that are essential to the future of our rural communities. Rural areas struggle with higher costs for infrastructure needs because of low population density and the unfortunate out-migration that has become all-too common in many rural communities. Traditional infrastructure investments in electricity, telephones, water and sewers are continued, and the more recent infrastructure investments in broadband service are augmented by the addition of authority for USDA to provide grant funding for the expansion of broadband service.

The Committee has heard about the challenges rural communities have in accessing resources because they have difficulty completing application forms or determining their eligibility for such programs. It is the Committee's intent that these programs provide federal resources that improves the quality of life for those living in rural America in an efficient manner with simplified applica-

tions and a reduction in unnecessary or redundant paperwork and processes.

Additionally, the Committee encourages rural entities to utilize rural development programs in a manner that supports projects and initiatives that develop long-term community and economic growth strategies. Traditionally, rural development programs have been used to meet an immediate need. The Committee understands that it is essential that versatile programs such as the Community Facilities Loan, Loan Guarantee and Grant Program are available to rural residents to address pressing needs and concerns, and the Committee wants to ensure that the programs authorized in this title continue to provide that type of assistance. However, to the extent possible, the Committee encourages rural communities to consider how they might use rural development resources to address multi-jurisdictional needs, by leveraging Federal, State, local or private funding, or otherwise capitalize upon the unique strengths of the rural area to support successful community and economic development. The Committee believes that projects that reflect even one of these characteristics can help to maximize the resources available at all levels of government and ultimately help rural communities reach their full potential. For these reasons, the Committee has provided the Secretary with the discretion to prioritize applications for funding that reflect an applicant's efforts to maximize resources and support strategic community and economic development.

Another concern brought to this Committee by both USDA and rural constituents, is the confusion resulting from the multiple definitions of "rural" used by USDA to determine program eligibility. The many versions are the result of changes brought about by successive Farm Bills. The Committee acknowledges that the previous definitions were developed for sound reasons and with good intent. However, the Committee is concerned that 96 different cities and towns had received waivers through legislation passed by the Congress subsequent to passage of previous Farm Bills that granted them eligibility for Rural Development programs despite the fact that their populations had grown beyond the population limits established in Farm Bill legislation. USDA will begin using data from the 2010 Census data in the Fall of 2012, and the Committee expects that a number of currently eligible communities will lose that eligibility.

Therefore, to address these concerns, the Committee has provided a single definition of "rural" that is intended to clarify eligibility. The new definition grants eligibility to cities and towns of less than 50,000 in population and not contiguous or adjacent to urbanized areas. The Committee recognizes that some cities and towns of less than 50,000 in population that are located within an urbanized area may in fact be "rural in character." To ensure that these cities and towns that were previously eligible for the Community Facilities, Water and Waste Disposal, and Broadband programs maintain that eligibility, the Committee has provided for a process by which USDA must determine these areas to not be "rural in character" and thus ineligible for these programs. The Committee has directed USDA to consider the following factors when making such determinations: population density, economic conditions, and commuting patterns. The Committee's intent in au-

thorizing a “rural in character” determination process is to provide USDA with the ability to make practical eligibility determinations, therefore in making such determinations, the Under Secretary may also give consideration to the unique structure of local government and the history of the area in question. Finally, the Committee has prohibited the Under Secretary from making a determination that a city or town is not “rural in character” for three years to ensure that ongoing projects are completed and not impacted by the changes contained in this Act in order to protect previous federal investments.

TITLE VII—RESEARCH

Agricultural research, extension, and education programs serve the food and agriculture sector, consumers of American agricultural products, and rural communities throughout the United States. Research programs and funding utilize two basic agencies at USDA: the Agriculture Research Service (ARS), which focuses on “intramural” research and basic research; and the National Institute of Food and Agriculture (NIFA) created by the 2008 Farm Bill to restructure, combine and improve “extramural” research functions at USDA to make better use of limited funds.

The reported bill builds upon the efforts from 2008, allowing unfunded and unused program authorities to expire with fiscal year 2012 and combining, consolidating and streamlining authorities to make a more concentrated and effective use of limited funding. The remaining authorities are extended through fiscal year 2017 with few changes.

The Committee provided additional funding for both the Specialty Crop Research Initiative and the Organic Research and Education Initiative beyond the levels in the 2008 Farm Bill. One of the primary activities necessary to encourage continued market growth, improved food safety and risk management for both of these industries is adequate dedicated research support. The Committee recognizes that research is one of the primary means by which the Farm Bill provides these farmers assistance, so the reported bill increases funding beyond the levels in the 2008 Farm Bill, consistent with increased market needs.

The Committee also expects USDA to provide more detailed information regarding expected research expenditures when submitting its annual budget request to Congress in an effort to improve transparency and safeguard against unnecessary duplication.

The reported bill provides for the creation of the Foundation for Food and Agriculture Research (FFAR). Modeled after the National Institute for Health Foundation and other successful government-sponsored research foundations, FFAR is intended to leverage Federal dollars and private research money to reverse the recent downward trend in agriculture and food research funding. The increased productivity and boost in crop yields experienced by American farmers can be attributed to research investments made 30 to 50 years ago. Federal investment in public agricultural research has been trending downward at a time when the demands of a growing and hungry world require that American agriculture research again take a leading role in pushing forward food production. USDA, the National Academy of Sciences, the National Science Foundation and agricultural research stakeholders play an integral

role in establishing the Foundation. The Committee does not intend for the Foundation to be duplicative of current funding or research efforts, but rather foster public-private partnerships among the agricultural research community, including federal agencies, academia, non-profit organizations, corporations and individual donors to identify and prioritize the most pressing needs facing agriculture. It is the Committee's view that the Foundation will complement the work of USDA basic and applied research activities and further advance USDA's research mission. Furthermore, the Committee does not intend for the Foundation's funding to in any way offset or allow for a reduction in the appropriated dollars that go to agricultural research.

TITLE VIII—FORESTRY

There are an estimated 354,000,000 acres of non-industrial forestland in the United States under private ownership. The Committee acknowledges the important role these forests play in providing clean air and water, wildlife habitat, and recreational opportunities. This title provides private forest landowners with important tools to conserve their forest acres.

The reported bill asserts the Committee's oversight role by placing authorization levels on programs and putting their reauthorization cycle in line with the Farm Bill. These changes are not intended to be a statement on the quality or purpose of these programs.

The Committee recognizes the impact of insect infestation and disease on our nation's forests. In some places, infestations are reaching epidemic proportions and becoming a central threat to forest health. With this in mind, the reported bill seeks to give forest managers greater opportunity to identify and manage risk in the forest.

Stewardship End Result Contracting is a tool that has been authorized in the past by the Appropriations Committees. By addressing this activity through the Farm Bill, the Committee intends to situate the authorization of this tool within an authorizing committee. Over the last decade, Stewardship Contracting has been a proven method for carrying out needed forest restoration activities, particularly in areas without a strong timber industry presence.

TITLE IX—ENERGY

Since the 2002 Farm Bill, this Committee has invested in helping rural communities and American farmers to advance renewable energy alternatives. The Committee recognizes the numerous benefits from the expansion of renewable energy, biofuel and biobased products manufacturing and the innovative and pioneering investments made by the programs in this title. The Committee reauthorizes almost all of the programs from the 2008 Farm Bill and provides mandatory funding for the investments made by this title. Continuing a ten-year investment in this area, the energy title supports the creation of new market opportunities for farmers. It also helps producers and rural businesses save money on their energy bills and helps boost the production of farm-grown renewable alternatives to fossil fuels.

In the current economic climate, the new bio-economy is one opportunity for rural communities to strategically develop new markets and create jobs. Biobased manufacturing is an example of how a developing industry can benefit and reinvigorate a rural economy. Most biobased manufacturers will locate near the feedstock, in small towns surrounded by farmland. The economic benefit is twofold: first, the farmers growing the feedstock will have new markets for their crops. And, second, this not only drives the farm economy but it also boosts the local and regional economy by creating new jobs and wealth that stays in those communities. According to a recent USDA study, the bio-based plastic and chemical products industry could create over 100,000 American jobs. By nature, most of these jobs will be located in rural America.

The investments made through this title support innovation by assisting entrepreneurs and businesses with investments in projects ranging from commercial-scale digester projects that turn food and agriculture waste into energy to on-farm energy audits, educational efforts and similar undertakings to reduce energy consumption and boost alternative energy production. The Rural Energy for America Program, known as REAP, helps producers reduce their energy costs through renewable or efficiency measures. REAP has helped farmers, livestock producers and small businesses reduce their energy costs through various activities. These small investments not only improve the farmer's profit margins but also help create and retain jobs in local communities. According to recent testimony from USDA, the REAP program has created or saved over 14,000 jobs in rural America.

Innovations that produce advanced biofuels, bioenergy and other biobased materials are important to our economy and national security but they are often dependent on feedstocks not currently produced on our farms. While farmers can realize substantial economic opportunities in new feedstock markets, the risks of producing them create significant barriers and stifle the growth of these new markets. The Committee has focused on policies to help farmers overcome these barriers, while connecting them to bio-economy innovators so as to create new market opportunities, products and jobs.

The investments that help propel biorefineries are also important job creation investments that help build wealth in rural communities. Biobased manufacturing and refining are rooted in our small towns, employing rural residents and developing new markets for biomass feedstocks from local farms and ranches. Often times, financing these facilities can be beyond the capacity of the local communities and banks. The policies in this title are designed to help bridge the capital gap and support innovation in communities and entrepreneurs. For example, loan guarantees and grants can seed opportunities that will grow new businesses for the community, new markets for farmers, and new jobs for rural residents.

Finally, this title makes investments that seek to save energy and boost the bottom line for America's farmers and ranchers. Like most small businesses, farmers and ranchers worry about the energy costs associated with running their operations. The relatively small federal investments in on-farm energy production and energy efficiency made by this title can provide real help to farmers that will save money and improve their bottom lines. Energy policy in-

vestments spur local job creation and retention, help farmers and rural businesses, and boost local and regional economies.

TITLE X—HORTICULTURE

The 2008 Farm Bill contained the first title for specialty and organic crops, recognizing the importance of fruits and vegetables, nuts, floriculture and nursery products for the first time in any Farm Bill. The Committee recognizes that according to the most recent Agricultural Census these crops account for 12.7 percent of harvested acreage and 46.9 percent of total crop value in the United States; demonstrating the significant and growing role of specialty crops in the U.S. farm economy. Specialty crop producers are both expanding American export markets and helping to develop strong, local food systems. Fruits and vegetables also represent a key component of a complete diet which many Americans continue to lack. The 2010 Dietary Guidelines for Americans suggests Americans should consume between 9 and 13 servings of fruits, vegetables and nuts. For a balanced diet, the Guidelines suggest that half the plate be filled with fruits and vegetables at each meal.

The reported bill builds upon the provisions from the 2008 Farm Bill for specialty crop producers, organic agriculture and local food systems. First, the bill expands the Specialty Crop block grants, which go to States to support research and promotion of fruits and vegetables, and adjusts the grant allocation formula to better account for both high value crops as well as the number of acres devoted to specialty crop production in a state. While the Committee continues to support the administration of block grants through a Federal and State partnership, the Committee acknowledges that this structure poses a challenge in coordinating projects between multiple states. To facilitate projects of common interest, the Committee has authorized multistate projects related to pests and disease, food safety, and commodity-specific areas. Second, the Committee recognizes the pest and disease risks and common challenges for specialty crop producers, as well as the need to streamline authorities to improve the effectiveness for producers and ensure that the functions of both of these programs are maintained. As such, the reported bill consolidates the National Clean Plant Network and the Pest and Disease Management and Disaster Prevention Program, while continuing the focus on early detection and surveillance of invasive pests, interventions to prevent crop damage, and the supply of clean, pathogen-free plant material for producers.

Third, the reported bill builds on support for local and regional food systems. The Economic Research Service found that over 40 percent of vegetable, fruit and nut farms in the United States sell their products in local and regional markets, employing on average 13 fulltime workers per \$1 million in revenue earned. The Committee bill supports continued growth in local and regional food systems, increasing funding for Farmer's Markets and expanding authorities so resources can help develop local infrastructure. The program provides competitive grants to improve and expand farmer's markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities as well as assisting producers in "scaling up" through aggre-

gation and other marketing techniques that facilitate farm-to-institution and other market opportunities.

Finally, the Committee recognizes that organic production and the demand for organic products continues to grow. A 2010 survey of organic growers shows that organic sales reached \$28.6 billion in 2010, surging 7.7 percent above sales in 2009. The reported bill expands support for the National Organic Programs and key organic programs such as the Organic Research and Education Certification Cost-Share Program that helps farmers achieve certification for organic farming. The bill also continues to support organic data collection, a component to improving risk management for organic producers. It also provides additional authority for enforcement of organic standards, addressing shortcomings in the National Organic Program identified in a 2010 report by USDA's Office of the Inspector General.

TITLE XI—CROP INSURANCE

The Committee recognizes the Federal Crop Insurance program as the cornerstone of the farm safety net. This is a message that was heard consistently by the Committee throughout the farm bill hearing process, and this title embodies the expressed priority of producers to protect, preserve and improve the Federal Crop Insurance program. Producers face a multitude of risks over which they have no control, including weather and market fluctuations within the crop year. One storm can wipe out an entire crop in a matter of minutes and put the future of a farming operation in jeopardy. Crop insurance helps producers manage exactly this type of risk, which allows producers to obtain credit and provides a way for them to recover quickly from disaster to put seed in the ground another year. The provisions in this title also follow the general principle that the purpose of farm programs should be to help producers manage the risk they face every day, and the provisions focus on expanding the program's reach to assist farmers and crops that currently are not covered by the program or are inadequately covered.

The Federal Crop Insurance program is the most crucial component of the farm safety net for U.S. farmers. In 2007, farmers insured more than 271 million acres through either catastrophic coverage or buy-up coverage. That year the estimated liability was \$67 billion and represented a 97 percent increase in liability covered since 2000. For the 2011 crop year, the crop insurance program covered over 265 million acres and over \$114 billion in liability. The significant disasters in 2011 also resulted in \$10.8 billion in indemnity payments. These staggering numbers demonstrate the fundamental importance of and need for crop insurance. These substantial increases in the liability covered are attributable both to enhanced participation in the program and to a significant increase in the prices of most commodities insured under the program.

As discussed previously, the reported bill includes a new crop insurance program for producers of upland cotton. In 2002, Brazil initiated a dispute settlement case before the World Trade Organization against U.S. support for cotton production. In 2004, a WTO panel found that payments to cotton producers pursuant to the marketing loan and counter-cyclical program were in violation of the U.S. WTO commitments. The panel reached the same conclu-

sion with regard to the export credit guarantees under the GSM-102 program. The United States responded by making some changes to domestic cotton support and GSM-102, but Brazil argued the response was inadequate and a WTO compliance panel ruled for Brazil in 2007. That ruling was upheld on appeal in 2008. The dispute went before a WTO arbitration panel to determine the level of retaliation in August of 2009, and Brazil announced that it would impose retaliation of \$829.3 million in U.S. goods, including \$268.3 million in cross-retaliation, in April 2010 based on the arbitration panel's findings.

In April 2010, the U.S. and Brazil reached a temporary settlement agreement to avoid retaliation, and in June they signed the "Framework for a Mutually Agreed Solution to the Cotton Dispute in the WTO (WT/DS267)" (the Framework Agreement). Under the Framework Agreement, Brazil suspended retaliation against the U.S. pending U.S. compliance and in return for \$147.3 million in annual payments from the U.S. (out of funds of the Commodity Credit Corporation) to a newly created Brazilian Cotton Institute for the provision of technical assistance and capacity-building for the Brazil cotton industry. The U.S. and Brazil also agreed to quarterly discussions on changes to U.S. cotton supports leading up to "successor legislation to the 2008 Farm Bill" with a view to reaching a mutually agreed solution to the dispute.

The Committee recognizes that it is necessary for the U.S. and Brazil to resolve the dispute and the important role that changes in the reported bill for upland cotton play in moving to a resolution. The Committee also recognizes the significant risks that cotton farmers face and the continuing need for a safety net for those producers. As such, the reported bill removes upland cotton from the list of "covered commodities" in Title I, thus making upland cotton ineligible for the Agriculture Risk Coverage program. The reported bill creates the Stacked Income Protection Plan (STAX) for producers of upland cotton to permit upland cotton farmers to purchase an area-wide revenue plan of coverage above or in lieu of their individual coverage. STAX is modeled off of existing Group Risk Income Protection plans of insurance, using county data and triggering at a loss of 10 percent or greater, down to 30 percent where it is presumed the producer will buy up individual coverage.

The Committee contends that STAX should help resolve the WTO dispute with Brazil because it represents a significant shift in domestic assistance to cotton farmers. STAX is an insurance plan, not a direct subsidy program. As such, it has four important mitigating factors as compared to subsidy programs that justify resolution. First, farmers have to pay some of the cost for the coverage out of their own pockets and the cost of the program will be rated on an actuarially sound basis, meaning farmers will pay for the actual value of the coverage. Second, assistance to cotton farmers under STAX will only occur when there has been a loss at the county level and is not tied directly to losses on the individual farm. Third, STAX contains a 10 percent deductible, leaving the farmer responsible for the first 10 percent of any loss. Finally, STAX as written by the Committee does not contain a reference or floor price so that the revenue coverage provided by STAX to the farmer will reset every spring when RMA calculates the spring price and that price will be determined by the markets, rather than

a set price established by Congress. This makes STAX market-oriented and avoids any potential insulation from signals of the market and will avoid distorting domestic or international markets.

The Committee asserts that the significant reform in domestic cotton support as a result of STAX, in combination with the adjustments in the cotton loan rate and the adjustments to the GSM-102 program subsidy, should serve as a sufficient basis for the U.S. and Brazil to reach a mutually-agreeable solution to the WTO dispute without need for further payments to Brazil and without any need for retaliatory measures by Brazil. The Committee encourages USDA and the U.S. Trade Representative to work with Brazil on this resolution.

As discussed previously, the reported bill is a significant change in federal agriculture policy with a focus on risk management and assistance only when farmers have suffered a loss. Recognizing the need for more tools for farmers as they seek to best manage their risk, the Committee has also created a new insurance option for producers called the Supplemental Coverage Option (SCO). The reported bill amends section 508(c) of the Federal Crop Insurance Act to permit farmers to supplement their individual coverage with coverage based on an area yield and loss basis. The SCO coverage extends above the individual coverage in the deductible range but requires a 10 percent deductible. Indemnity payments are triggered only if losses in the area exceed 10 percent of expected levels. In the case of those producers participating in ARC, the deductible is 21 percent of the expected value of the crop under the underlying insurance policy. SCO provides for a premium subsidy of 70 percent of the premium associated with the coverage. In SCO, the reported bill provides farmers a valuable new tool to help them manage their risks in conjunction with underlying individual coverage and the ARC program. Producers who cannot afford high levels of individual buy-up coverage now have an affordable area-wide option to supplement completely or in conjunction with ARC.

The remainder of Title XI in the reported bill contains important improvements to existing crop insurance coverage to make insurance more effective for farmers, as well as some technical changes to the administration of crop insurance to improve the program's operation. Specifically, the reported bill makes the enterprise unit pilot a permanent part of the program due to its popularity with farmers. The bill allows the Federal Crop Insurance Corporation to split enterprise units between irrigated and non-irrigated acres so that the insurance coverage better matches the significant differences between those two practices. The reported bill also improves the transitional yield and provides new authority for the FCIC Board to conduct and prioritize research and development of new plans of insurance. The Committee recognizes the vital importance of helping young and beginning farmers get started and succeed in farming. As such, the Committee has made revisions to the Federal Crop Insurance Act to help young and beginning farmers better manage their risk through additional premium assistance, better transitional yields and improved accounting for prior experience through the use of previous production history.

The final set of changes in this title involve the Committee's efforts to help expand crop insurance to crops that are not currently covered or that are underserved, especially for livestock, peanuts,

catfish and specialty crops. These changes are intended to improve the process for developing new crop insurance products for underserved crops and regions by allowing the FCIC to increase the advance payment for research and development of new policies by 50 percent. The bill also allows the Risk Management Agency to conduct research and development activities to maintain or improve existing policies or to develop new policies. The bill also supports the development of whole-farm insurance and index-based weather insurance.

TITLE XII—MISCELLANEOUS

The Miscellaneous Title addresses challenges faced by, and improves communication and outreach with, small and disadvantaged producers, and veterans. It provides for improved safety and training of the agricultural workforce, removes overlap between certain programs, and allows for more efficient sharing of information. In addition, the Committee recognizes the importance of animal health, marketing, and sustainability and the Miscellaneous Title contains critical provisions to preserve domestic livestock production.

Finally, the Miscellaneous Title makes improvements to the Non-insured Crop Disaster Assistance Program (NAP) that are in line with the overall goals of the reported legislation to improve tools for farmers to manage their risks and to eliminate duplication and overlap among programs. For producers of crops that are not covered by crop insurance, the Committee recognized the need for effective risk management tools and concerns that current support under NAP was inadequate and limited producer participation. As such, the reported legislation includes a revision to NAP that provides an option to producers to purchase a higher level of NAP coverage for their crops, known as a “buy-up” option. The reported legislation also eliminates overlap between NAP and the disaster provisions in Title I.

SUMMARY OF PROVISIONS

TITLE I—COMMODITY PROGRAMS

Repeals

The reported bill eliminates direct payments, counter-cyclical payments and the Average Crop Revenue Election payments.

Agriculture Risk Coverage

The bill establishes the Agriculture Risk Coverage (ARC) program as a new risk management tool for producers of covered commodities that provides market-oriented, multi-year price assistance, as well as yield assistance.

ARC payments are made on eligible acres, not base acres. Eligible acres are defined as the farmer’s actual planted acres not to exceed the acreage planted to covered commodities and upland cotton during the 2009 to 2012 crop years (with adjustments for acres coming out of the Conservation Reserve Program and for resource-conserving crop rotations such as summer fallow). ARC provides a producer with a one-time, irrevocable election whether to receive individual farm or county level coverage. The ARC guarantee is set

at 89 percent of the benchmark revenue, which is calculated as the product of the 5-year Olympic average prices and the 5-year Olympic average yields (county or individual farm) for each commodity. Payments are made on the shortfall between the guarantee and the actual revenue, but cannot exceed 10 percent of the benchmark revenue. For farmers electing coverage at the county level, payments are made on 80 percent of their eligible acres (45 percent of those acres prevented from being planted) and for those farmers electing coverage at the individual level, payments are made on 65 percent of the eligible acres (45 percent of those acres prevented from being planted).

Upland Cotton

Upland cotton is no longer a covered commodity and producers of upland cotton are not eligible for the ARC program. Due to the loss before a WTO panel in a dispute brought by Brazil, the Committee, at the request of cotton producers, has removed upland cotton from the definition of covered commodities and has created a separate insurance policy for cotton producers in Title XI. Removal of upland cotton from the list of covered commodities, changes in the marketing loan rate for upland cotton and changes to the Export Credit Guarantee Program (GSM-102) contained in the reported bill are intended to help reach a resolution to the WTO dispute.

Marketing Assistance Loans and Loan Deficiency Payments

Marketing Assistance Loans and Loan Deficiency Payments are continued in the reported bill through the 2017 crop year with only two changes from the program as designed by the 2008 Farm Bill. First, due to the above-mentioned WTO dispute with Brazil, the upland cotton loan rate has been revised to adjust based upon the preceding two year average price for upland cotton, but not to exceed \$0.52 per pound nor drop below \$0.47 per pound. The current marketing loan rate for upland cotton in the 2008 Farm Bill is \$0.52 per pound. Second, the reported legislation revises the conservation compliance provisions from the 2008 Farm Bill to align with the conservation compliance provisions for ARC. As such, farmers utilizing marketing assistance loans must certify that they are in compliance with the same provisions as they are required to for ARC payments.

Sugar

The sugar program as designed in the 2008 Farm Bill is continued through crop year 2017 without change.

Dairy

The legislation seeks to reform and improve dairy policy by replacing existing programs (Milk Income Loss Contract, the Dairy Product Price Support Program, and the Dairy Export Incentive Program) with the Dairy Production Margin Protection and Dairy Market Stabilization Programs. The first is a voluntary program that helps provide assistance when dairy operation margins are below \$4.00 as calculated using the all-milk price and a national average feed cost. Operations can also purchase additional margin protection above \$4.00 but not to exceed \$8.00 in \$0.50 increments.

The second program is required for an operation participating in the margin protection program and it is designed to promote growth while also encouraging producers to temporarily scale back marketings in times when the market is oversupplied and margins are low.

Supplemental Agricultural Disaster Assistance

The 2008 Farm Bill established a suite of programs to assist farmers and ranchers with losses due to natural disasters which included Supplemental Revenue Assistance Payments (SURE), Livestock Indemnity Payments (LIP), the Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP), and the Tree Assistance Program (TAP). All programs expired at the end of fiscal year 2011 and thus do not currently cover losses suffered in fiscal year 2012. This legislation reauthorizes LIP, LFP, ELAP and TAP with some modifications for fiscal years 2012 through 2017, moves the programs into Title I and funds them out of the funds of the Commodity Credit Corporation. As such, the assistance provided by LIP, LFP, ELAP and TAP are now incorporated into the Title I baseline and will require reauthorization on the same schedule as the rest of Title I. SURE is not re-authorized.

Payment Limitation Reforms

The legislation undertakes three significant reforms. First, payments made pursuant to the ARC program are limited to \$50,000 per individual (but can be doubled with a spouse, similar to current law). This compares to a current combined limit of \$105,000 for direct payments and the counter-cyclical program. In addition, a second payment limitation for peanuts is maintained. Second, the adjusted gross income eligibility requirement is revised by eliminating the differentiation between farm and nonfarm AGI and using a single three-year rolling average of a producer's AGI for eligibility. The AGI requirement is set at \$750,000. Finally, the requirement that an individual be "actively engaged in farming" to be eligible to receive payments has been reformed by eliminating the "active personal management" provisions that allowed multiple individuals to claim eligibility by only providing management to the operation. The legislation strikes the phrase "active personal management" and creates a specific class of actively engaged that permits a single individual to be actively engaged as the manager for a farm. Only one person in a farm operation can be eligible for providing management and not labor to the farm and that person cannot qualify other farm operations as actively engaged or permit the farm operation to exceed the \$50,000 payment limitation.

TITLE II—CONSERVATION

Conservation Reserve Program

The Conservation Reserve Program (CRP) helps preserve soil, water and wildlife resources by placing highly erodible and environmentally sensitive land in conserving uses through voluntary contracts with farmers, ranchers and landowners. The 2008 Farm Bill limited enrollment in CRP to 32 million acres. Current enrollment in the program is just under 30 million acres with contracts

on more than 10 million acres set to expire in the next two fiscal years. The reported bill provides for a “step down” of the acreage cap over the five-year life of this legislation as follows:

- Fiscal year 2013, no more than 30 million acres
- Fiscal year 2014, no more than 27.5 million acres
- Fiscal year 2015, no more than 26.5 million acres
- Fiscal year 2016, no more than 25.5 million acres
- Fiscal year 2017, no more than 25 million acres.

The reported bill also allows for the enrollment of up to 1.5 million acres of grasslands by merging provisions of the previous Grasslands Reserve Program into CRP. Additionally, this legislation provides greater flexibility for certain lands enrolled in CRP to be used for grazing and harvesting.

Agricultural Conservation Easement Program

The reported legislation combines three conservation easement authorities into a single program, the Agricultural Conservation Easement Program. The overall program contains two parts: Agricultural Land Easements and Wetland Easements. Agricultural Land Easements are used to protect agricultural land from development and keep them devoted to agricultural uses, including keeping grazing lands and important grasslands in grazing and related uses. Wetland Easements are used to restore, protect, and enhance wetlands, which are important for water quality, quantity and wildlife habitat in many areas. Sufficient funding and authority is provided to create a 10-year baseline for all types of easements.

Environmental Quality Incentives Program

The legislation continues the Environmental Quality Incentives Program (EQIP), providing farmers and ranchers with important cost-share assistance on working lands for conservation activities that help farmers meet or avoid the need for natural resource regulation. Additionally, many parts of the Wildlife Habitat Incentive Program (WHIP) have been consolidated into EQIP, focusing the program on farmers and ranchers looking to create or improve areas for wildlife habitat on their working lands.

Conservation Stewardship Program

The legislation continues the Conservation Stewardship Program (CSP) as revised in the 2008 Farm Bill. This program encourages higher levels of conservation and the adoption of new and emerging conservation technologies on farms, ranches, and forests. The Committee made changes to the program to ease use and implementation, including a slight reduction in the annual enrollment cap. The cap on nonindustrial private forestland that can be enrolled in the program is removed and greater focus is given to identifying resource concerns at the local level. The program also adds flexibility to accept land coming out of the Conservation Reserve Program when priority resource concerns will be addressed.

Regional Conservation Partnership Program

Current law authorizes four programs that are designed to work with farmers, ranchers and partner organizations to achieve conservation objectives: Agricultural Water Enhancement Program;

Chesapeake Bay Watershed Program; Cooperative Conservation Partnership Initiative; and Great Lakes Basin Program for Soil Erosion and Sediment Control. The reported bill consolidates these four programs into one that will support projects that improve soil quality, water quality and quantity, or wildlife habitat in a specific area or region. Projects are selected through a competitive, merit-based process, and leverage partner resources to achieve project goals. Within the program is a Critical Conservation Area component through which the Secretary shall designate areas with particularly significant water quality and quantity issues and natural resource regulatory pressures.

Conservation Innovation Grants

Conservation Innovation Grants (CIG) are continued in the reported bill, providing grants on a competitive basis to encourage the development of new or improved conservation practices. CIG is geared towards projects that offer new approaches to providing producers environmental and production benefits. The set-aside for air quality is removed. The legislation includes a new reporting requirement to increase program transparency.

Voluntary Public Access and Habitat Incentive Program

Private landowners are able to realize a value-added benefit by creating wildlife habitat and opening their land up to hunting, fishing, and other kinds of public outdoor recreation. The legislation continues this program and requires the Secretary to report to Congress on the program's effectiveness by 2015.

Conservation of Private Grazing Land

The program is reauthorized to improve private grazing land by offering technical assistance and educational activities to landowners looking to better manage their land.

Grassroots Source Water Protection Program

State rural water associations are encouraged to use technical assistance in order to promote conservation activities that protect the quality of our nation's drinking water through this program.

Small Watershed Rehabilitation Program

Many of the flood control structures (mainly dams) in our country are reaching their maximum life expectancy. This program provides funds for projects to rehabilitate and improve the longevity of existing structures.

Terminal Lakes Assistance

The reported bill provides assistance for addressing unique concerns regarding terminal lakes, defined as the lake and its riparian and watershed resources that are considered flooded with no natural outlet or at risk because of insufficient water. For the flooded terminal lakes, the reported bill creates a land purchase grant program in conjunction with the State for the purchase of land flooded by the terminal lake. For terminal lakes with insufficient water, the reported bill transfers funds to the Department of the Interior to assist in providing water through leases, land and related water rights purchases and research, support and conservation activities.

TITLE III—TRADE

Export Credit Guarantee Program

The Export Credit Guarantee Program, also known as GSM-102, provides export credit guarantees that help ensure the availability of credit to finance the exports of U.S. agricultural products to countries where financing might not be available. The reported legislation continues the authorization for the program through 2017 with one change. The Committee seeks a resolution to the WTO dispute with Brazil by reducing the current levels of export credit guarantees from \$5.5 billion to \$4.5 billion, while maintaining United States export competitiveness for agriculture.

Market Access Program

The reported bill extends the authority and provides \$200 million per year through fiscal year 2017.

Foreign Market Development Program

The reported bill extends that authority with \$34.5 million each fiscal year for fiscal years 2013 through 2017.

Emerging Markets and Facility Guarantee Loan Program

The legislation extends the program through fiscal year 2017 at existing funding and loan guarantee levels.

Technical Assistance for Specialty Crops

This program provides financial assistance to producers and exporters of specialty crops in addressing barriers to trade in their products in overseas markets. The reported bill makes slight revisions to the purpose of the program to ensure that technical barriers to trade (e.g., burdensome regulatory requirements) can be addressed. The reported bill reauthorizes the program through fiscal year 2017 with \$9 million each fiscal year.

Global Crop Diversity Trust

The reported bill authorizes annual appropriations of \$60 million for each fiscal year through 2017 to fund the Global Crop Diversity Trust. The bill also requires that U.S. contributions may not exceed one fourth of the total of funds contributed to the Trust from all sources.

Food for Peace

The reported legislation continues the authorities under the Food for Peace Act through fiscal year 2017. In particular, Title II of the Act contains the title's primary food aid budget authority and is reauthorized to continue the nation's ability to provide for emergency aid and non-emergency development projects. This program enables the U.S. to donate food overseas to promote food security. Additionally, the reported bill increases the amount of funds available to support strategic prepositioning, which brings food aid commodities to at-risk regions before food emergencies strike.

The reported legislation also continues the Farmer-to-Farmer program and slightly raises the percentage of funds that may be used for this program from 0.5 percent to 0.6 percent.

McGovern-Dole International Food for Education and Child Nutrition Program

The reported bill reauthorizes the McGovern-Dole International Food for Education and Child Nutrition Program through fiscal year 2017. The legislation also expands on the success of the Local and Regional Food Aid Procurement pilot program created by the 2008 Farm Bill. The authority allows organizations to purchase food through local and regional markets and promotes stability by supporting local producers and economies.

Food Aid Quality

The 2008 Farm Bill authorized a study to research the quality of U.S. food aid. The reported bill puts into action the recommendations of the study giving the Administrator increased flexibility to improve the nutritional profile of food aid for target populations, such as children under five and mothers.

Resiliency Pilot in the Horn of Africa

Famine in the Horn of Africa has brought new organizations and governments to the region, all intent on helping reduce hunger and improve food security. The reported bill creates a pilot program to help coordinate the efforts on the ground by looking at interactions and providing for groups doing resiliency. The bill authorizes the appropriation of \$10 million in funding to this pilot through 2017.

Bill Emerson Humanitarian Trust

The Bill Emerson Humanitarian Trust holds extra resources so that the U.S. can respond quickly to food crises when domestic supplies are short. The Committee reauthorizes the Act creating the trust through fiscal year 2017.

TITLE IV—NUTRITION

Supplemental Nutrition Assistance Program

The reported bill reauthorizes the SNAP program through fiscal year 2017 with a series of changes to improve the program's effectiveness in providing food assistance to poor families and individuals, while helping to eliminate fraud, abuse and misuse of the program and its benefits. Specifically, the Committee provides additional funding to USDA to prevent trafficking of food assistance benefits and to strengthen retailer program integrity. The legislation address concerns about SNAP households with lottery or gambling winnings by requiring households with substantial lottery or gambling winnings to lose benefits immediately after receiving winnings. Winners will be prevented from receiving new benefits if they do not meet the financial requirements of SNAP. Eligibility for college students is tied to Perkins program criteria to focus eligibility on students participating in technical and vocational education programs, primarily 2 year colleges, trade studies, remedial course work, basic adult literacy, or English as a second language.

The reported bill also requires participating retailers to stock more staple foods like fruits and vegetables and bans stores from participating if sales of prohibited items like liquor and tobacco is higher than 45 percent of the store's total sales. Further, the Committee reviewed benefit amounts which are determined by evalu-

ating both income and living expenses. The Standard Utility Allowance is used by many states to estimate average utility costs to make benefit determinations. The reported bill includes a provision to stop states from issuing nominal Low-Income Heating and Energy Assistance Program (LIHEAP) benefits to qualify households to receive Standard Utility Allowances for the sole purpose of increasing households' SNAP benefits. The provision will not affect households that receive more than \$10.00 in annual LIHEAP assistance, or any household that can demonstrate utility costs. Finally, the bill directs the Food and Nutrition Service to conduct demonstration projects to test modern technology including smartphones and online payments to improve access to SNAP retailers.

SNAP Nutrition Education and Employment and Training Programs

The bill continues the Employment and Training components of SNAP. The reported bill also adds physical activity as an eligible use of the program, and maintains current funding levels through fiscal year 2017.

Commodity Supplemental Food Program

The reported bill maintains funding authorizations at current levels for the Commodity Supplemental Food Program (CSFP) through fiscal year 2017. Additionally, the legislation contains provisions to transition CSFP to a program for senior citizen populations while allowing the small percentage of women and children currently participating in CSFP to continue receiving benefits until they exceed the age of eligibility.

The Emergency Food Assistance Program

The Emergency Food Assistance Program (TEFAP) helps supplement the diets of low-income individuals by providing emergency food and nutrition assistance, largely through food banks. The reported bill provides additional resources to fund TEFAP through fiscal year 2017.

Department of Defense Fresh Program

The reported bill reauthorizes and maintains current funding for the Department of Defense Fresh Program, which distributes fresh fruits and vegetables to schools and service institutions.

Senior Farmers Market Nutrition Program

The reported bill reauthorizes and maintains current funding levels for the Senior Farmers Market Nutrition Program, which provides low-income seniors with coupons to be exchanged for eligible foods (fruits, vegetables, honey, and fresh-cut herbs) at farmers' markets, roadside stands, and community supported agriculture programs.

Whole Grain Products

The reported bill continues the whole grain products program to encourage school meals programs to sample a variety of whole grains and whole-grain products. The program requires an evalua-

tion to determine whether whole-grain consumption increased, and which products were most acceptable to schoolchildren.

Healthy Food Financing Initiative

The reported bill authorizes the Healthy Food Financing Initiative to administer loans and grants to improve access to healthy foods in food deserts with goals of improving the health of families and creating and preserving jobs.

Fresh Fruit and Vegetables Program

The reported bill reauthorizes and maintains current funding levels for the Fresh Fruit and Vegetables Program, which provides free fresh fruits and vegetables to elementary school children throughout the school day in school districts with a high proportion of low-income students.

Community Food Projects

The reported bill provides grants to eligible nonprofit organizations to improve community access to food through the development of innovative projects including school-to-garden programs and urban greenhouse initiatives.

Hunger Free Communities

The reported bill authorizes grants to incentivize the purchase of fruits and vegetables by SNAP participants in underserved communities, with the Federal share limited to 50 percent.

TITLE V—CREDIT

Conservation Loan and Loan Guarantee Program

The Conservation Loan and Loan Guarantee Programs provide authority for loans to borrowers to build conservation structures or establish conservation practices. The reported bill reauthorizes the program through fiscal year 2017 at current funding levels.

Beginning Farmer and Rancher Individual Development Accounts Pilot Program

The reported legislation reauthorizes the Beginning Farmer and Rancher Individual Development Accounts Pilot Program which provide matching-funds for savings accounts specifically to be used for farming-related expenses for beginning farmers and ranchers.

Ownership and Operating Direct and Guaranteed Loans

The reported bill reauthorizes the direct and guaranteed ownership and operating loans administered through the Farm Service Agency at existing levels through fiscal year 2017. The bill maintains higher loan funds reserved for direct farm ownership loans and improves the down payment loan program. The bill continues the reserved portion of guaranteed farm ownership loan and direct operating loan funding for beginning farmers and ranchers. Also, the bill eliminates term limits for guaranteed operating loans, and revises term limits for direct operating loans to permit a borrower to receive eligibility of one additional year for each period of three consecutive years the borrower does not obtain a direct loan.

State-Mediation Program

State mediation programs assist in resolving agriculture and USDA-related lending-related disputes. The reported bill incorporates the program into the title by extending the authorization to 2017.

TITLE VI—RURAL DEVELOPMENT

Water, Waste Disposal and Wastewater Facility Grants and Loans

This program provides grants, loans and loan guarantees to public agencies for projects that support the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The reported bill reauthorizes the program through fiscal year 2017 and provides that rural communities with populations of less than 5,500 are prioritized for funding.

Community Facilities Loans, Loan Guarantees and Grants

The bill reauthorizes the Community Facilities Program which supports projects related to economic development, public safety, and health care delivery, and prioritizes communities with less than 20,000 residents. It also provides that the Secretary make up to 3 percent of funds provided through the Community Facilities Loan and Grant Program available to applicants for technical assistance to help smaller communities in the development of their applications to the Community Facilities program.

Rural Water and Wastewater Circuit Rider Program

The legislation continues the Rural Water and Wastewater Circuit Rider Program which provides competitive grants to non-profit organizations that give technical assistance to rural public water systems. This technical assistance helps the water systems to comply with state and federal environmental regulations. The program is reauthorized to receive \$25 million annually.

Rural Business Development Programs

In general, the reported bill reauthorizes the suite of rural business development programs through fiscal year 2017. Notably, it combines two existing programs, the Rural Business Opportunity Grants program and the Rural Business Enterprise Grants program, into a single program, the Rural Business Development Grants program, which awards competitive grants to public agencies and non-profit community development organizations for business development, planning, technical assistance, or job training in rural areas. Also extended are the Rural Cooperative Development Grants program, the Rural Microenterprise Assistance Program created by the 2008 Farm Bill, the Appropriate Technology Transfer for Rural Areas Program, the Value-Added Producers Grant Program with a priority for projects in which at least 25 percent of recipients are beginning farmers or socially-disadvantaged. The Business and Industry Direct and Guaranteed Loan Program is extended. The bill also reserves funds made available through the program for projects that include the processing, distribution, storage, and marketing of locally produced agricultural food products.

General Rural Development Programs

The reported bill reauthorizes general loan and grant authorities for rural development. Additionally, it authorizes the Secretary to give priority to applications submitted for funds through Rural Development programs that support regional approaches to community and economic development. These applications should reflect the participation of multiple stakeholders in the service area of the proposal. The applications should also have clear objectives and an explanation of performance measures that will be used to determine progress in meeting those objectives.

Access to Broadband Services in Rural Areas

Through the Broadband Program, USDA provides funds for the construction, improvement, and acquisition of facilities and equipment needed to provide broadband service in rural communities. The reported bill authorizes USDA to begin providing combinations of grants and loans for the expansion of broadband service. The program will target funds to rural communities isolated from significant population centers.

Distance Learning and Telemedicine

This program provides competitive grant and loan funding that supports equipment and infrastructure improvements that enhance telecommunications capabilities at educational and medical facilities and is reauthorized through 2017.

Rural Energy Savings Program

The reported bill authorizes a new loan program, administered by USDA, which will issue zero-interest loans to any electric cooperative or coordinated group of electric cooperatives for the purpose of lending the funds to their customers to make energy saving retrofit and structural improvements.

TITLE VII—RESEARCH

The reported bill reauthorizes critical agricultural research programs that were reauthorized in the 2008 Farm Bill. The Committee recognized the need to streamline the authorities in this title and permitted some authorities that had not received funding in recent years to expire.

Foundation for Food and Agriculture Research

The Committee recognizes the significant need for agricultural research and the challenge to find funding in the current fiscal environment. As such the reported bill creates a new non-profit foundation, the Foundation for Food and Agriculture Research, to leverage private funding, matched with federal dollars, to support public agricultural research. This innovative approach will foster continued innovation in agricultural research.

Specialty Crop Research Initiative

The reported bill reauthorizes this program and provides mandatory funding over 10 years for the Specialty Crop Research Initiative, ensuring funding will be available for key research projects for fruits, vegetables and other specialty crops.

Agriculture and Food Research Initiative

The reported bill reauthorizes the Agriculture and Food Research Initiative (AFRI) program through fiscal year 2017 without policy changes; continuing to provide competitive grants for basic and applied research.

University Research and Extension Service

The bill reauthorizes agricultural research activities at 1862, 1890 and 1994 land-grant institutions and funding for extension service activities through fiscal year 2017 without policy changes.

National Agricultural Research, Extension, Education and Economics (NAREEE) Advisory Board

The bill reauthorizes the NAREEE advisory board through fiscal year 2017, which provides consultation to USDA, industry and Congress on agricultural research priorities. The legislation directs the NAREEE advisory board to consult with industry groups on agricultural research, extension, education, and economics, and to make recommendations to the Secretary based on that consultation.

Policy Research Centers

This program provides competitive grants for cooperative agreements with policy research centers to conduct research and education programs concerning the effect of policies on the farm and agricultural sectors, the environment, rural families and economies, and consumers, food and nutrition through fiscal year 2017.

Capacity Building Grants for Non-Land Grant Colleges of Agriculture (NLGCA) Institutions

This program provides competitive grants to assist NLGCA institutions in maintaining and expanding the capacity to conduct education, research, and outreach activities related to agriculture, renewable resources, and other similar disciplines. It is continued through fiscal year 2017 without change.

Organic Research Initiative

Funding for the Organic Research and Extension Initiative is provided over 5 years.

Beginning Farmer and Rancher Development Program

The bill continues the Beginning Farmer program, which develops and offers education, training, outreach and mentoring programs to ensure the success of the next generation of farmers. The bill expands eligibility to include military veterans who wish to begin a career in agriculture.

Addresses Critical Shortages of Veterinarians

The reported bill seeks to help address the shortage of veterinarians in rural agricultural areas by supporting veterinary education and rural recruitment.

Increased Transparency for Budget Submissions

In order to increase transparency and reduce duplication across agencies, the reported bill requires USDA to provide more detailed

information regarding expected research expenditures when submitting its annual budget request to Congress.

TITLE VIII—FORESTRY

Healthy Forest Reserve Program

The bill reauthorizes the Healthy Forest Reserve Program (HFRP), a voluntary program that enhances forest ecosystems to promote the recovery of threatened and endangered species, improve biodiversity, and enhance carbon sequestration.

Forest Legacy Program

This program protects water quality, provides habitat, recreational opportunities and other public benefits on our working forests; making sure that we maintain our forests, the program is extended through fiscal year 2017.

Community Forest and Open Space Conservation Program

The Community Forest and Open Space Conservation Program is reauthorized. This program leverages federal dollars to help communities, including tribes, to protect forests in threat of conversion to non-forest use.

Forest Stewardship Program

Private forest landowners benefit from the landscape level information that Forest Stewardship Plans developed through this program provide. The reported bill seeks to make sure that landowners have the resources necessary to manage their forests in an economically and environmentally effective manner by continuing this program through 2017.

International Forestry

The International Forestry Program encourages the trade of legally harvested timber. It also supports domestic production by working to prevent invasive species from entering the country. The program is reauthorized through 2017.

Urban and Community Forestry

This program helps communities develop and maintain urban forestry programs, which protect urban trees and forests, and is reauthorized through 2017.

Stewardship Contracting

The reported bill provides permanent authority for Stewardship End Result Contracting.

TITLE IX—ENERGY

Rural Energy for America Program

The reported bill reauthorizes the program through fiscal year 2017 with \$48.2 million in mandatory funding for each fiscal year and provides for a streamlined application process for farmers and rural businesses applying for small and medium sized projects.

Biomass Crop Assistance Program

The Biomass Crop Assistance Program (BCAP) program created by the 2008 Farm Bill provides support for farmers and ranchers who wish to plant energy crops to produce and use biomass crops for conversion to advanced biofuels or bioenergy. Agricultural producers in BCAP project areas may contract with the Department of Agriculture to receive biomass crop establishment payments up to 50 percent of costs, plus annual payments in amounts determined by the Secretary in subsequent years to help to compensate for lost opportunity costs until crops are established. The program is reauthorized through fiscal year 2017 with \$38.6 million in mandatory funding each fiscal year. The reported bill revises the Collection, Harvest, Storage and Transportation assistance provisions to limit payments for wood-based biomass, while limiting the amount of funding that can be used for this assistance.

BioPreferred Program and Federal Government Procurement Preference Program

The bill reauthorizes USDA's BioPreferred Program and the Federal Government Procurement Preference Program with modifications to include reporting of biobased purchases by the federal agencies, as well as providing for auditing and enforcement of biobased purchasing activities. The reported bill provides \$3 million in mandatory funding each fiscal year.

Biorefinery Assistance Program

This program provides loan guarantees for renewable energy projects and is extended through fiscal year 2017 with \$100 million in mandatory funds for fiscal year 2013 and \$58 million for each of fiscal years 2014 and 2015. Eligibility for the program has been expanded to include biobased manufacturing, which is defined as a facility that uses agricultural products to make end user products on a commercial scale, including renewable chemicals.

Bioenergy Program for Advanced Biofuels

This program provides production payments for advanced bioenergy sources such as methane digesters, advanced biofuels and biopower and is reauthorized through fiscal year 2017.

Biodiesel Fuel Education Program

The Biodiesel Fuel Education Program provides competitive grants to non-profit entities to provide information about the benefits of biodiesel fuel use to government and private organizations. The bill reauthorizes the program through fiscal year 2017 with \$1 million per fiscal year in mandatory funding.

Biomass Research and Development Initiative (BRDI)

The bill reauthorizes research on biomass feedstock development for bioenergy and biobased products through fiscal year 2017 with \$26 million in mandatory funding for each fiscal year.

Feedstock Flexibility Program for Bioenergy Producers

The Feedstock Flexibility Program assures that sugar imports do not result in increased forfeitures of U.S. sugar and it is reauthorized through 2017.

Community Wood Energy Program

This program provides competitive, cost-share grants for communities to supply public buildings with energy from sustainably-harvested wood from the local area and is reauthorized through fiscal year 2017.

TITLE X—SPECIALTY CROPS & HORTICULTURE

Farmers Market and Local Food Promotion Program

The Farmers Market and Local Food Promotion Program authorized in the reported bill continues the efforts from the Farmers Market Promotion Program by providing competitive grants to improve and expand farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities. The program authority is expanded to also provide assistance in developing local food system infrastructure and central regional food development centers like food hubs and terminal markets that help producers with training, aggregating, distributing and other market activities.

Local Food Data and Evaluation

The bill expands collection of data related to local and regional food systems and directs USDA to evaluate the success of and recommend improvements to current programs designed to strengthen access to local foods.

Specialty Crop Block Grants

The reported bill adjusts the grant allocation formula from solely the value of specialty crop production in a state to the average of both the value of specialty crop production and acres of specialty crops planted in a state. The bill also allows funding for multistate projects related to pest and disease, food safety, and commodity-specific projects.

Continues Data Collection on Organics

The bill improves coordination between the Agriculture Marketing Service and the Risk Management Agency to ensure risk management tools are sufficient.

National Organic Program

The National Organic Program is reauthorized and one-time mandatory funding is provided for technology upgrades to improve program performance.

National Organic Program

The bill continues to provide assistance to organic producers seeking certification under the National Organic Program. This program will provide up to 75 percent of the cost of certification, but no more than \$750.

Organic Promotion

The bill directs the Secretary to assess the feasibility of creating an organic promotion program.

Pest and Disease Management

The bill consolidates the National Clean Plant Network and the Pest and Disease Management and Disaster Prevention Program.

TITLE XI—CROP INSURANCE

Supplemental Coverage Option

The reported bill creates a Supplemental Coverage Option insurance policy that allows producers to purchase additional coverage on an area yield and loss basis. The coverage option establishes a coverage deductible of 21 percent for producers enrolled in ARC and 10 percent for all other producers.

Crop Insurance for Fruit and Vegetable Producers

Crop insurance coverage is expanded for underserved crops and regions, including fruit and vegetable producers. The bill provides additional assistance for underserved producers to partner with private developers of crop insurance to create improved insurance products. The bill also allows the Risk Management Agency (RMA) to conduct research and development on new or improved crop insurance products.

Stacked Income Protection Plan for Producers of Upland Cotton

The reported bill creates a new stand-alone revenue protection coverage program for cotton growers. The program covers between 10 percent and 30 percent of expected county revenue, using the expected price established under existing Group Risk Income Protection and higher of the expected county yield or average county yield for the most recent five crop years, dropping the highest and lowest years. The program utilizes a multiplier factor to establish the maximum protection at not more than 120 percent, provides distinct coverage for irrigated and non-irrigated practices, and provides 80 percent premium subsidy.

Peanut Revenue Crop Insurance

The reported bill creates a separate peanut revenue insurance product with an effective price for peanut growers using the Rotterdam price index with an adjustment to reflect the farmer stock price.

Improves Crop Insurance for Beginning Farmers and Ranchers

The reported bill contains provisions to help these young and beginning farmers fully utilize the Federal crop insurance program. Beginning farmers and ranchers are given a 10 percentage point discount for all crop insurance premiums. The bill also provides beginning farmers and ranchers with an improved production history when they have previous farming experience or when they face natural disasters.

Enterprise Units

The reported bill makes the pilot enterprise unit premium assistance permanent and allows producers the choice to separate their irrigated and non-irrigated enterprise unit coverage on the farm.

Standard Reinsurance Agreement

The reported bill requires the FCIC Board to ensure budget neutrality to the maximum extent practicable during renegotiation of the Standard Reinsurance Agreement (SRA), and return any savings realized in these renegotiations to RMA programs

TITLE XII—MISCELLANEOUS

Outreach for Socially Disadvantaged Farmers

The reported bill continues grants to organizations that work with minority farmers to help them acquire, own, operate, and retain farms and ranches and equally participate in all USDA programs.

Continues Advocacy and Outreach Efforts

The reported bill reauthorizes the Office of Advocacy and Outreach, which was created in the 2008 Farm Bill to increase the viability and profitability of small farms and ranches, beginning farmers or ranchers, and socially disadvantaged farmers or ranchers.

Wildlife Reservoir Zoonotic Disease Initiative

To ensure continued research to combat devastating livestock diseases, the reported bill includes a Wildlife Reservoir Zoonotic Disease Initiative to improve diagnostic testing and vaccines for bovine tuberculosis, brucellosis, and other zoonotic diseases.

Ensures Health of American Livestock

The reported bill reauthorizes the Trichinae Certification Program and the National Aquatic Health Plan.

Sheep Production and Marketing Grant Program

The reported bill includes a competitive grant program to enhance production and marketing of the sheep industry.

Pilot Program To Eradicate Feral Swine

The reported bill includes a pilot project that directs the Natural Resources Conservation Service and the Animal and Plant Health Inspection Service to work together on eradication methods that can be used throughout the country.

Grants To Improve Agricultural Labor Supply, Stability, Safety, and Training

The reported bill reauthorizes the Agricultural Career and Employment Grants Program. Funds may be used to assist agricultural employers and farmworkers to develop skills, the provision of agricultural labor market information, transportation and short-term housing.

LEGISLATIVE HISTORY

HEARINGS

Agriculture: Growing America's Economy

On February 17, 2011, the Committee held a hearing to discuss growing America's economy through agricultural policy. Witnesses

giving testimony included: Honorable Thomas Vilsack, Secretary, United States Department of Agriculture, Washington, DC; Keith Creagh, Director, Michigan Department of Agriculture and Rural Development, Lansing, MI; Thomas M. Hoenig, President, Federal Reserve Bank of Kansas City, Kansas City, MO; Fred Yoder, Former President, National Corn Growers Association, Plain City, OH; Dr. Joe Outlaw, Economist, Texas A&M University, College Station, TX.

Fundamentals and Farming: Evaluating High Gas Prices and How New Rules and Innovative Farming Can Help

On March 30, 2011, the Committee held a hearing to evaluate high gas prices and examine how new rules and innovative farming can help with this issue. Witnesses giving testimony included: Dr. Richard G. Newell, Administrator, Energy Information Administration, United States Department of Energy, Washington, DC; Dan M. Berkovitz, General Counsel, Commodity Futures Trading Commission, Washington, DC; Stanley R. Townsend, on behalf of the Kansas Farm Bureau, Weskan, KS; Jeff Broin, President and CEO of POET, LLC, Co-Chairman of Growth Energy, Sioux Falls, SD; Dr. Bruce E. Dale, Professor of Chemical Engineering and Materials Science, Michigan State University, Lansing, MI.

Food for Thought: The Role, Risks and Challenges for American Agriculture and the Next Farm Bill in Meeting the Demands of a Growing World

On May 26, 2011, the Committee held a hearing to discuss the role, risks and challenges for American agriculture and the next farm bill in meeting the demands of a growing world. Witnesses giving testimony included: Honorable Tom Vilsack, Secretary, United States Department of Agriculture, Washington, DC; Honorable Dan Glickman, Co-Chair of the Chicago Council's Global Agricultural Development Initiative, Chicago, IL; former Secretary, United States Department of Agriculture, Washington, DC; Barry Mumby, Senior Member, Wakeshma Farms LLC, Colon, MI; Dr. Andrew Rosenberg, Senior Vice President for Science and Knowledge, Conservation International, Arlington, VA; Douglas DeVries, Senior Vice President, Global Marketing Services, Agriculture and Turf Division, Deere and Company, Moline, IL; Dr. Per Pinstrup-Andersen, H.E. Babcock Professor of Food, Nutrition, and Public Policy, J. Thomas Clark Professor of Entrepreneurship, and Professor of Applied Economics, Cornell University, Professor of Agricultural Economics, Copenhagen University, Ithaca, NY.

Opportunities for Growth: Michigan and the 2012 Farm Bill: East Lansing, MI

On May 31, 2011, the Committee held a field hearing to consider opportunities for growth for Michigan in the 2012 Farm Bill in East Lansing, MI. Witnesses giving testimony included: Dr. Lou Anna K. Simon, President, Michigan State University, East Lansing, MI; Dr. J. Ian Gray, Vice President for Research and Graduate Studies, Michigan State University, East Lansing, MI; Dr. Thomas G. Coon, Director, Michigan State University Extension, East Lansing, MI; Clark Gerstacker, Corn and Soybean Production, Member, Michigan Corn Growers Association, Midland, MI; Ben

LaCross, Cherry Production, Chair, American Farm Bureau, Young Farmers and Ranchers Committee, Cedar, MI; Ray Van Driessche, Sugar Beet Production and Conservation, Director of Community and Government Relations, Michigan Sugar Company, Bay City, MI; Julia Baehre Rothwell, Apple Production, Chair, Michigan Apple Association, Belding, MI; Ken Nobis, Dairy Production, President, Michigan Milk Producers Association, Novi, MI; Peter B. Blauwikel, Pork Production, Member, Michigan Pork Producers Council, Fowler, MI; Karen Serfass, Forestry Production, Past President, Michigan Forest Association, Dafter, MI; Kristen Holt, President, Quality Assurance International, Senior Vice President, Food Safety and Quality, NSF International, Ann Arbor, MI; Eric Davis, Director, Food Initiative, United Way for Southeastern Michigan, Detroit, MI; Dennis West, President, Northern Initiatives, Marquette, MI; James Reid, Reid Dairy Farm, Grant Township, MI; David Armstrong, President and Chief Executive Officer, Greenstone Farm Credit Services, East Lansing, MI.

Farm Bill Accountability: The Importance of Measuring Performance, While Eliminating Duplication and Waste

On June 23, 2011, the Committee held a hearing on Farm Bill accountability and the importance of measuring performance while eliminating the duplication of waste. Witnesses giving testimony included: Honorable Dallas Tonsager, Under Secretary, Rural Development, United States Department of Agriculture, Washington, DC; Honorable Michael Scuse, Acting Under Secretary, Farm and Foreign Agricultural Services, United States Department of Agriculture, Washington, DC; Honorable Harris Sherman, Under Secretary, Natural Resources and Environment, United States Department of Agriculture, Washington, DC; Honorable Kevin Concannon, Under Secretary, Food, Nutrition, and Consumer Services, United States Department of Agriculture, Washington, DC; Honorable Joe Leonard, Assistant Secretary for Civil Rights, United States Department of Agriculture, Washington, DC; Phillis Fong, Inspector General, United States Department of Agriculture, Washington, DC; Brett Blankenship, Blankenship Brothers, Washtucna, WA; Masouda Omar, Manager of Business Finance Loan Production, Colorado Housing and Finance Authority, Denver, CO.

The State of Livestock in America

On June 28, 2011, the Committee held a hearing on the state of livestock in America. Witnesses giving testimony included: Dr. Joe Glauber, Chief Economist, United States Department of Agriculture, Washington, DC; Dr. Greg Parham, Administrator, Animal and Plant Health Inspection Service, United States Department of Agriculture, Washington, DC; Alfred V. Almanza, Administrator, Food Safety and Inspection Service, United States Department of Agriculture, Washington, DC; Dave White, Chief, National Resources Conservation Service, United States Department of Agriculture, Washington, DC; Rick Sietsema, Farmer, Sietsema Farms, Allendale, MI; Dennis O. Jones, Pork Producer, South Dakota Farmers Union, Bath, SD; Steven D. Hunt, Chief Executive Officer, U.S. Premium Beef, LLC, Kansas City, MO; Frank Harper, President-elect, Kansas Livestock Association, Sedgwick, KS; Michael Welch, President and CEO, Harrison Poultry, Inc., Bethlehem, GA;

Hans McPherson, Rancher and Member, Montana Farm Bureau, Stevensville, MT.

Growing Jobs in Rural America

On July 14, 2011, the Committee held a hearing to discuss ways to grow jobs in rural America. The witnesses on the first panel were: Bruce Graham, CEO, Indiana Statewide Association of Rural Electric Cooperatives, Inc., Indianapolis, IN; Zac Stewart, Ambient, LLC, Ignacio, CO; Paul Bony, Director, Residential Market Development, Climate Master, Oklahoma City, OK; Dr. Helen Sanders, Vice President, Technical Business Development, SAGE Electrochromics, Inc, Faribault, MN. The witnesses on the second panel were: Dr. Marc Verbruggen, President and CEO, NatureWorks LLC, Wayzata, MN; Dr. Oliver Peoples, Founder and Chief Scientific Officer, Metabolix, Inc., Cambridge, MA; John McIntosh, Vice President of Sales and Marketing, Signature Crypton Carpet, Dalton, GA; Dennis Hall, Assistant Director, Ohio BioProducts Innovation Center, Columbus, OH.

Opportunities for Specialty Crops and Organics in the Farm Bill

On July 28, 2011, the Committee held a hearing to discuss opportunities for specialty crops and organics in the Farm Bill. The witnesses on the first panel were: Dr. Catherine Woteki, Under Secretary, USDA, Research, Education and Economics, Washington, DC; Ann Wright, Deputy Under Secretary, USDA, Marketing and Regulatory Programs, Washington, DC. The witnesses on the second panel were: Glenn Abbett, Manager, Abbett Farms, LLC, La-Crosse, IN; Paul Bencal, Owner, Paul Bencal Farm, Ransomville, NY; Dennis Engelhard, Owner, Engelhard Family Farms, Unionville, MI; Kim Tait, Owner, Tait Farm Foods, Inc., Centre Hall, PA; Charles Wingard, Director of Field Operations, W.P. Rawls and Sons, Pelion, SC; Robert Woolley, Dave Wilson Nursery, Hickman, CA.

Looking Ahead: Kansas and the 2012 Farm Bill

On August 25, 2011, the Committee held a field hearing in Kansas to discuss ways to grow agriculture and strengthen rural communities. The witnesses on the first panel were: Honorable Sam Brownback, Governor, state of Kansas, Topeka, KS; Dr. Kirk Schulz, President, Kansas State University, Manhattan, KS. The witnesses on the second panel were: Steve Baccus, President, Kansas Farm Bureau, Minneapolis, KS; Karl Esping, Kansas Sunflower Commission, Lindsborg, KS; Kent Goyen, Kansas Cotton Association, Cunningham, KS; Ken Grecian, Kansas Livestock Association, Palco, KS; Bob Henry, Kansas Soybean Association, Robinson, KS; Kenneth McCauley, Kansas Corn Growers, White Cloud, KS; David Schemm, Kansas Association of Wheat Growers, Sharon Springs, KS; Gregory Shelor, Kansas Grain Sorghum Producers, Minneola, KS. The witnesses on the third panel were: Ron Bach, High Plains Farm Credit, Jetmore, KS; Kathleen Brinker, Nemaha-Marshall Electric Cooperative Association, Inc., Axtell, KS; Ron Brown, Kansas Association of Conservation Districts, Fort Scott, KS; Barth Crouch, Playa Lakes Joint Venture, Salina, KS; Robert Tempel, Windriver Grain LLC, Garden City, KS; Jeff

Whitham, Western State Bank, Garden City, KS; Karen Wilder, The Schwan Food Company, Salina, KS.

Energy and Economic Growth for Rural America

On February 15, 2012, the Committee held a hearing to examine USDA rural development and energy programs, and to review policies to promote rural economic development and job growth in connection with development of the 2012 farm legislation. The witness on the first panel was: The Honorable Thomas Vilsack, Secretary, USDA, Washington, DC. The witnesses on the second panel were: Mathias McCauley, Regional Planning and Community Development, Northwest Michigan Council of Governments, National Association of Counties and National Association of Development Organizations, Traverse City, MI; Florine Raitano, Rural Community Assistance Corp, Dillom, CO; Mark Rembert, Energize Clinton County, Wilmington, OH; Charles Fluharty, Rural Policy Research Institute, Columbia, MO. The witnesses on the third panel were: Steve Flick, Show Me Energy Cooperative, National Farmers Union, Centerview, MO; Lee Edwards, Virent, Inc., Madison, WI; Bennie Hutchins, Energy Program, Ag Energy Resources, LLC, Brookhaven, MS; William Greving, Greving Farms Inc., Prairie View, KS.

Strengthening Conservation through the 2012 Farm Bill

On February 28, 2012, the Committee held a hearing to review performance of USDA agriculture conservation programs. The witnesses on the first panel were: Bruce Nelson, Farm Service Agency, USDA, Washington, DC; David White, Chief, Natural Resources Conservation Service, USDA, Washington, DC., The witnesses on the second panel were: Jeff Trandahl, National Fish and Wildlife Foundation, Washington, DC; Becky Humphries, Great Lakes/Atlantic Regional Office, Ducks Unlimited, Inc., Ann Arbor, MI; Dean Stoskopf, Stoskopf Farms, Hoisington, KS; Carl Mattson, George Mattson Farms, Chester, MT; Darrel Mosel, Land Stewardship Project, Gaylord, MN; Earl Garber, National Association of Conservation Districts, Washington, DC.

Healthy Food Initiatives, Local Production, and Nutrition

On March 7, 2012, the Committee held a hearing to examine policies to promote regional and local agricultural markets and improve access to healthy foods, and to review federal food assistance programs. The witness on the first panel was: Honorable Thomas Vilsack, Secretary, USDA, Washington, DC. The witnesses on the second panel were: Dan Carmody, Eastern Market Corporation, Detroit, MI; Ronald McCormick, Sustainable Agriculture, Produce, Floral and Local Sourcing, Wal-Mart Stores, Bentonville, AR; Jody Hardin, Grady, AR; Anne Goodman, Cleveland Food Bank, Cleveland, OH; John Weidman, One Penn Center, Philadelphia, PA.

Risk Management and Commodities in the 2012 Farm Bill

On March 15, 2012, the Committee held a hearing to examine risk management and commodity programs. The witness on the first panel was: Michael Scuse, Acting Under Secretary, Farm and Foreign Agricultural Services, USDA, Washington, DC. The witnesses on the second panel were: Hope Hills, Spicebush Creek

Farms, Bangor, MI; Jarvis Garetson, Copeland, KS; Bob Carden, Carden & Associates, Inc, Winter Haven, FL; Steve Rutledge, Farmers Mutual Hail Insurance Company, West Des Moines, IA. The witnesses on the third panel were: Steve Wellman, American Soybean Association, Syracuse, NE; Pam Johnson, National Corn Growers Association, Floyd, IA; Erik Younggren, National Association of Wheat Growers, Hallock, MN; Jimbo Grissom, Western Peanut Growers Association, Seminole, TX; Travis Satterfield, Satterfield Farms, Benoit, MS; Chuck Coley, National Cotton Council, Vienna, GA. The witnesses on the third panel were: Roger Johnson, National Farmers Union, Washington, DC; Bob Stallman, American Farm Bureau Federation, Washington, DC; Ryan Best, Future Farmers of America, Portales, NM.

Committee Consideration

On April 26, 2012, the Committee met in open session to mark up the legislation. Those members in attendance included: Senators Stabenow, Roberts, Leahy, Harkin, Conrad, Baucus, Nelson, Brown, Casey, Klobuchar, Bennet, Gillibrand, Lugar, Cochran, Chambliss, Johanns, Boozman, Grassley, Thune and Hoeven. Committee Members made opening statements starting at 10:44 a.m. A substitute amendment containing a Manager's Amendment to the Committee Print was accepted by voice vote, with Senators Chambliss, Boozman, and Cochran recorded as voting no. The substitute was considered the original text for the purpose of further amendment. The Committee proceeded by considering amendments to each title of the legislation.

TITLE XII—MISCELLANEOUS

An amendment was offered by Senator Chambliss to amend the Immigration and Nationality Act to provide for the temporary employment of foreign agricultural workers.

The amendment was withdrawn.

An amendment was offered by Senator Nelson with Senator Johanns to clarify areas classified as rural for the Rural Housing Act. The amendment was withdrawn.

An amendment was offered by Senator Boozman to enable the Secretary of Agriculture to determine whether major rules promulgated by any Federal agency could have a negative effect on access to affordable food. The amendment was withdrawn.

An amendment was offered by Senator Boozman to transfer regulatory authority over child labor regulations for agriculture from the Secretary of Labor to the Secretary of Agriculture. The amendment was withdrawn.

An amendment was offered by Senator Baucus with Senators Nelson, Klobuchar, and Boozman to clarify payment terms for sales of agricultural commodities or products to Cuba under the Trade Sanctions Reform and Export Enhancement Act of 2000. The amendment was withdrawn.

TITLE II—CONSERVATION

An amendment was offered by Senator Bennet to allow the Secretary of Agriculture to waive eligible entity contribution require-

ments for agricultural land easements of special significance. The amendment was withdrawn.

TITLE III—TRADE

An amendment was offered by Senator Johanns to require a USDA study on the creation of an Under Secretary for Trade and Foreign Agricultural Affairs. The amendment was adopted by voice vote.

TITLE X—HORTICULTURE

No amendments pertaining to the horticulture title were offered.

TITLE VII—RESEARCH

No amendments pertaining to the research title were offered.

TITLE V—CREDIT

No amendments pertaining to the credit title were offered initially. After it was closed, Senator Brown asked for unanimous consent to revisit the title. An amendment was offered by Senator Brown to provide USDA with the authority to conduct pilot projects on a limited scale to test different approaches that could improve program delivery and consumer service. The amendment was adopted by voice vote.

TITLE VI—RURAL DEVELOPMENT

An amendment was offered by Senator Casey to assist in production of locally and regionally produced food through the RMAP program. The amendment was withdrawn.

Prior to a vote on final passage of the bill, Senator Brown asked unanimous consent to revisit title VI to offer an amendment. He offered an amendment to create a temporary task force directed to help make USDA rural development programs more accessible and user-friendly. The amendment was withdrawn.

TITLE VIII—FORESTRY

No amendments pertaining to the forestry title were offered.

TITLE IX—ENERGY

An amendment was offered by Senator Conrad with Senator Lugar to provide mandatory funding for agricultural energy programs. A second degree amendment was offered by Senator Chambliss to strike the language that calls for an offset and instead uses the savings of the legislation to fund Senator Conrad's amendment. Senator Chambliss' second degree amendment was adopted by unanimous consent and Senator Conrad's amendment was adopted by voice vote, with Senator Roberts recorded as voting no.

An amendment was offered by Senator Hoeven to confirm that USDA can provide REAP funds for blender pumps. The amendment was withdrawn.

TITLE IV—NUTRITION

An amendment was offered by Senator Brown on behalf of Senator Casey with Senators Gillibrand and Leahy to clarify the authority of the Secretary of Agriculture to purchase emergency food. After a discussion, an agreement was made to delay the consideration of the amendment before final passage of the bill to give USDA and the Secretary an opportunity to make an assessment of the amendment.

An amendment was offered by Senator Boozman to close the LIHEAP loophole entirely and use part of the savings to increase reimbursements for school breakfast and lunches to offset increased costs from new nutrition standards. The amendment was withdrawn.

An amendment was offered by Senator Gillibrand to protect children from harm due to SNAP cuts. The amendment was withdrawn.

An amendment was offered by Chairwoman Stabenow on behalf of Senator Leahy to allow greater flexibility in the use of benefits for the purchase of community-supported agriculture (CSA) share. A second degree amendment was offered by Chairwoman Stabenow on behalf of Ranking Member Roberts. The second degree amendment was adopted by unanimous consent and the first degree amendment was adopted by voice vote.

The Committee revisited the amendment offered by Senator Brown on behalf of Senator Casey with Senators Gillibrand and Leahy to clarify the authority of the Secretary of Agriculture to purchase emergency food. The amendment, as modified, was adopted by voice vote. Committee members were in agreement that the amendment should not adversely impact the \$4 billion in deficit reductions from nutrition spending agreed to by members of the Committee.

TITLE XI—CROP INSURANCE

No amendments pertaining to the crop insurance title were offered.

TITLE I—COMMODITIES

An amendment was offered by Senator Baucus with Senators Conrad, Harkin, and Hoeven to make changes to the individual program under ARC. The amendment was adopted by voice vote.

FINAL PASSAGE

The legislation, as amended and subject to technical changes, was reported out by roll call vote of 16 yeas and 5 nays with the requisite quorum present, at which point the Committee adjourned.

On May 24, 2012, the Committee held a business meeting to vote on changes to the legislation. Those members in attendance included: Senators Stabenow, Roberts, Leahy, Conrad, Nelson, Casey, Klobuchar, Bennet, Gillibrand, Lugar, Johanns, and Grassley. The bill as modified was ordered reported by voice vote.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

Congressional Budget Office letter is attached as pages 49A through 49J.

S. 3240—Agriculture Reform, Food, and Jobs Act of 2012

Summary: S. 3240 would amend and extend a number of major programs administered by the U.S. Department of Agriculture (USDA), including those addressing farm income support, food and nutrition, land conservation, trade promotion, rural development, research, forestry, energy, horticulture, and crop insurance.

When combined with estimated spending under CBO's baseline projections for those programs, CBO estimates that enacting S. 3240 would bring total direct spending for those USDA programs to \$970 billion over the 2013–2022 period—\$23.1 billion less than we project would be spent if those programs were continued as under current law.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting S. 3240 would not affect revenues.

The act also would authorize appropriations over the 2013–2017 period for existing and new USDA programs involving research and education, nutrition, trade promotion, rural development, credit assistance, forestry, and conservation initiatives. CBO estimates that implementing those provisions would cost about \$29 billion over the next five years, assuming appropriation of the necessary amounts.

S. 3240 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

The nontax provisions of S. 3240 would impose private-sector mandates, as defined in UMRA, on entities in the dairy industry and spectators of animal fighting ventures. Because the cost of some of the mandates would depend on future regulations, CBO cannot determine whether the aggregate cost of the mandates would exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of S. 3240—relative to CBO baseline projections—is shown in Table 1. The costs of this legislation fall within budget functions 150 (international affairs), 270 (energy), 300 (natural resources and environment), 350 (agriculture), 450 (community and regional development), and 600 (income security).

Basis of estimate: For this estimate, CBO assumes that S. 3240 will be enacted around the end of fiscal year 2012. The legislation would provide direct spending authority for most of the USDA programs authorized, amended, or created by the legislation through the 2013–2017 period. Following the baseline projection rules of section 257 of the Balanced Budget and Emergency Deficit Control Act, CBO estimates the 10-year costs of S. 3240 by assuming that most of those programs continue to operate beyond that five-year authorization period.

A description of the major budgetary effects of each title of the act, including changes in direct spending for mandatory programs and changes in spending that are subject to future appropriation for discretionary programs, was provided in CBO's cost estimate for S. 3240 as introduced on May 24, 2012.

Direct Spending

CBO's estimates of the changes in direct spending that would result from enacting the legislation are presented in Table 2. All estimates are relative to CBO's March 2012 baseline projections for spending by mandatory agriculture programs. That baseline assumes that the agriculture programs authorized by the most recent farm bill (Public Law 110–246) continue to operate beyond their statutory expiration dates through 2022. (The 2008 farm bill established authorizations through 2012 for most such programs.)

TABLE 2.—ESTIMATED EFFECTS ON DIRECT SPENDING FOR S. 3240 AS PASSED BY THE SENATE ON JUNE 21, 2012

	By fiscal year, in millions of dollars—												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013–2017	2013–2022	
CHANGES IN OUTLAYS FROM DIRECT SPENDING													
Title I—Commodity Programs													
End Direct Payments	0	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-19,832	-44,622	
End Countercyclical Payments	0	0	-101	-127	-121	-123	-130	-137	-134	-135	-349	-1,008	
End Average Crop Revenue Elections Payments ..	0	0	-863	-637	-637	-470	-479	-547	-632	-533	-1,970	-4,613	
Agriculture Risk Coverage	0	2,906	2,954	3,447	3,444	2,951	3,101	3,118	3,282	3,333	12,751	28,536	
Dairy Program	-31	-45	-42	-32	9	15	-6	19	45	9	-141	-59	
Supplemental Agriculture Disaster Assistance	-2	447	217	214	221	219	219	221	225	231	1,097	2,212	
Other Commodity Provisions	0	85	17	2	2	3	4	4	3	4	107	125	
Subtotal, Title I	-33	-1,565	-2,776	-2,091	-1,872	-2,372	-2,222	-2,280	-2,169	-2,049	-8,336	-19,428	
Title II—Conservation													
Conservation Reserve Program	27	25	-399	-438	-531	-523	-512	-478	-497	-469	-1,316	-3,795	
Conservation Stewardship	-7	-50	-93	-129	-173	-221	-264	-307	-350	-393	-452	-1,987	
Environmental Quality Incentives Program	-70	-89	-80	-92	-100	-111	-121	-101	-100	-100	-431	-964	
Agricultural Conservation Easement	-222	-72	226	304	211	123	72	56	47	64	447	809	
Regional Conservation Partnership	-3	-7	-8	-8	-10	-10	-10	-10	-10	-10	-36	-86	
Other Conservation	168	18	18	18	18	10	10	10	10	10	240	290	
Repeal of Wildlife Habitat Incentives	-18	-37	-47	-57	-66	-76	-85	-85	-85	-85	-225	-641	
Subtotal, Title II	-125	-212	-383	-402	-651	-808	-910	-915	-985	-983	-1,775	-6,374	
Title IV—Nutrition													
Utility Allowances	0	-130	-530	-540	-540	-540	-550	-550	-550	-560	-1,740	-4,490	
Grant Programs	39	49	49	44	49	24	24	24	24	24	228	345	
Retailer Equipment	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79	
Expiring Provisions	33	49	29	23	15	15	15	15	15	15	149	224	
Subtotal, Title IV	65	-41	-461	-482	-485	-510	-520	-520	-520	-530	-1,403	-4,000	
Title VI—Rural Development													
Value-Added Marketing Grants	0	0	5	8	12	12	8	4	1	0	25	50	
Rural Microenterprise Program	0	1	2	4	4	3	1	0	0	0	11	15	
Rural Water and Waste Disposal	0	3	14	13	7	6	5	2	0	0	37	50	
Subtotal, Title VI	0	4	21	25	23	21	14	6	1	0	73	115	

Title VII—Research, Extension, and Related Matters													
	8	13	16	16	16	8	3	0	0	0	0	69	80
Organic Agriculture Research and Extension	13	23	29	48	50	53	50	50	50	50	50	163	416
Specialty Crop Research	4	9	14	17	17	13	8	4	0	0	0	60	85
Beginning Farmer and Rancher Development	10	20	20	30	20	0	0	0	0	0	0	100	100
Foundation for Food and Agriculture Research													
Subtotal, Title VII	34	64	79	111	103	74	61	54	50	50	50	391	681
Title VIII—Forestry	0	1	1	1	1	1	1	1	1	1	1	4	9
Title IX—Energy													
Biorefinery Assistance	5	32	50	55	44	20	10	0	0	0	0	186	216
Rural Energy for America Program	10	30	42	48	48	38	20	4	0	0	0	178	240
Biomass Research and Development	1	5	16	25	26	25	21	10	1	0	0	73	130
Biomass Crop Assistance	4	12	20	27	31	29	23	16	8	4	4	94	174
Other Energy Programs	-2	-1	12	6	4	1	0	0	0	0	0	19	20
Subtotal, Title IX	18	78	140	161	153	113	74	30	9	4	4	550	780
Title X—Horticulture													
Farmers Market and Local Food Promotion	20	20	20	20	20	0	0	0	0	0	0	100	100
National Clean Plant Network	3	6	8	9	11	13	14	15	15	15	15	37	109
Specialty Crop Block Grants	8	14	15	15	15	15	15	15	15	15	15	67	142
Other Horticulture	1	2	2	2	2	0	0	0	0	0	0	9	9
Subtotal, Title X	32	42	45	46	48	28	29	30	30	30	30	213	360
Title XI—Crop Insurance													
Supplemental Coverage Option	0	32	306	354	345	385	382	395	404	398	398	1,037	3,001
CAI Premiums	0	-5	-45	-53	-54	-54	-55	-56	-57	-58	-58	-157	-437
Enterprise Units	0	5	50	59	60	62	65	67	68	70	70	174	506
Adjustment in APH Yields	0	2	26	53	82	111	139	146	147	149	149	163	855
Stacked Income Protection for Cotton	0	0	263	334	315	417	463	481	473	478	478	912	3,224
Peanut Revenue Crop Insurance	0	3	26	30	30	30	30	30	30	30	30	89	239
Beginning Farmer Provisions	0	2	16	20	21	25	27	27	27	28	28	59	193
Crop Production on Native Sod	0	-1	-6	-13	-19	-25	-26	-26	-26	-26	-26	-39	-168
Participation Effects of Commodity Programs	-23	-220	-260	-294	-296	-263	-268	-272	-284	-289	-289	-1,093	-2,469
Other Crop Insurance Provisions	9	30	37	35	33	9	-7	-17	-18	-18	-18	144	93
Subtotal, Title XI	-14	-152	413	525	517	697	750	775	764	762	762	1,289	5,036
Title XII—Miscellaneous													
Outreach for Socially Disadvantaged Farmers	3	4	5	5	5	2	1	0	0	0	0	22	25

TABLE 2.—ESTIMATED EFFECTS ON DIRECT SPENDING FOR S. 3240 AS PASSED BY THE SENATE ON JUNE 21, 2012—Continued

	By fiscal year, in millions of dollars—											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
Sheep Production and Marketing Grant	1	1	0	0	0	0	0	0	0	0	0	2
Noninsured Crop Disaster Assistance	-5	63	-40	-52	-52	-52	-52	-52	-52	-52	-86	-346
Subtotal, Title XII	-1	68	-35	-47	-47	-50	-51	-52	-52	-52	-62	-319
Total Changes in Direct Spending	-24	-1,714	-2,956	-2,153	-2,209	-2,806	-2,774	-2,871	-2,870	-2,767	-9,035	-23,143

Note: CAT = Catastrophic Crop Insurance; APH = Average Producer History. Components may not sum to totals because of rounding.

Spending Subject to Appropriation

CBO estimates that implementing the provisions of S. 3240 that authorize appropriations would cost \$29 billion over the 2013–2017 period, assuming appropriation of the necessary funds. Those discretionary costs are displayed in Table 3. Most of those provisions were described in CBO’s cost estimate of S. 3240 as introduced on May 24, 2012.

TABLE 3. ESTIMATED EFFECTS ON DISCRETIONARY SPENDING FOR IMPLEMENTING S. 3240 AS PASSED BY THE SENATE ON JUNE 21, 2012

	By fiscal year, in millions of dollars—					
	2013	2014	2015	2016	2017	2013–2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I—Commodity Programs:						
Estimated Authorization Level	5	5	5	5	5	25
Estimated Outlays	4	5	5	5	5	24
Title II—Conservation:						
Estimated Authorization Level	155	130	130	130	130	675
Estimated Outlays	72	92	114	127	130	535
Title III—Trade:						
Estimated Authorization Level	2,124	2,751	2,754	2,757	2,761	13,146
Estimated Outlays	805	1,967	2,492	2,653	2,719	10,636
Title IV—Nutrition:						
Estimated Authorization	318	181	183	187	189	1,058
Level Estimated Outlays	297	186	183	186	189	1,041
Title V—Credit:						
Estimated Authorization Level	91	91	91	99	99	471
Estimated Outlays	84	91	91	98	99	463
Title VI—Rural Development:						
Estimated Authorization Level	1,120	1,128	1,137	1,144	1,156	5,685
Estimated Outlays	158	527	812	980	1,065	3,542
Title VII—Research, Extension, and Related Matters:						
Estimated Authorization Level	2,078	2,102	2,128	2,154	2,180	10,641
Estimated Outlays	1,061	1,675	2,110	2,136	2,162	9,144
Title VIII—Forestry:						
Estimated Authorization Level	590	590	590	590	590	2,949
Estimated Outlays	265	413	501	560	590	2,330
Title IX—Energy:						
Estimated Authorization Level	228	228	228	228	228	1,140
Estimated Outlays	29	96	160	205	228	718
Title X—Horticulture:						
Estimated Authorization Level	50	50	50	50	50	250
Estimated Outlays	35	47	50	50	50	231
Title XII—Miscellaneous:						
Estimated Authorization Level	101	98	98	78	78	453
Estimated Outlays	36	66	88	95	88	373
Total Changes:						
Estimated Authorization Level	6,859	7,354	7,393	7,421	7,465	36,493
Estimated Outlays	2,845	5,165	6,606	7,096	7,325	29,036

Note: Components may not sum to totals because of rounding.

Pay-as-you-go-considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting on-budget direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 4.

TABLE 4.—CBO ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS FOR S. 3240, THE AGRICULTURE REFORM, FOOD, AND JOBS ACT OF 2012, AS PASSED BY THE SENATE ON JUNE 21, 2012

	By fiscal year, in millions of dollars—												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
Statutory Pay-As-You-Go Impact	0	-24	-1,714	-2,956	-2,153	-2,209	-2,806	-2,774	-2,871	-2,870	-2,767	-9,055	-23,143
	NET INCREASE OR DECREASE (-) IN THE DEFICIT												

Estimated impact on state, local, and tribal governments: S. 3240 contains no intergovernmental mandates as defined in UMRA. In general, state, local, and tribal governments would benefit from the continuation of existing agricultural assistance and the creation of new grant programs.

Estimated impact on the private sector: The nontax provisions of the act would impose private-sector mandates as defined in UMRA. Specifically, the act would:

- Expand reporting requirements on manufacturers of dairy products. Because manufacturers already report information about dairy products to USDA, CBO expects that the cost of reporting additional information would not be significant.

- Impose mandates on dairy handlers that purchase milk from dairy producers participating in the Dairy Market Stabilization Program (DMSP). Under the DMSP, when producer margins fall below a designated amount, handlers would be required to report information to USDA and reduce payments for milk to participating dairy producers. In addition, the program would require handlers to pay to USDA the amount by which the payment was reduced. According to information from industry sources, the cost for handlers to collect and report information under the DMSP could amount to hundreds of millions of dollars annually, depending on regulations to be issued by USDA.

- Prohibit individuals from attending animal fighting ventures (defined as any event that involves a fight between at least two animals and is conducted for purposes of sport, wagering, or entertainment). Currently, sponsoring an animal fighting venture involving live birds is permitted, under certain conditions, in states and territories where such events would not violate the laws of the state or territory. Because animal fighting ventures are banned in all states and the District of Columbia, CBO expects that the cost of the prohibition would be small.

Because the compliance cost for dairy handlers would depend on future regulations, CBO has no basis to determine whether the aggregate cost of the mandates in the act would exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

Previous CBO estimate: On May 24, 2012, CBO transmitted a cost estimate for S. 3240, the Agriculture Reform, Food, and Jobs Act of 2012, as introduced in the United States Senate on May 24, 2012. CBO estimated that version of the legislation, when combined with estimated spending under CBO's baseline projections for the mandatory agriculture and nutrition programs included in the act, would bring total direct spending for those USDA programs to \$969 billion over the 2013–2022 period—\$23.6 billion less than we projected would be spent if those programs were continued as under current law.

The Senate passed S. 3240 on June 21, 2012, with several amendments. CBO estimates that those amendments would increase direct spending by \$450 million over 10 years, compared with the version of the legislation as introduced (see Table 5). Taking into account the estimated outlay effects of the adopted amendments, mandatory spending under S. 3240 for USDA programs would be \$970 billion over the 2013–2022 period—\$23.1 billion less

than estimated under current law. Table 5 itemizes the costs of the amendments adopted by the Senate.

S. 3240, as passed by the Senate, also includes several amendments that would authorize more discretionary spending compared with the version of the legislation introduced on May 24, 2012. CBO estimates that discretionary spending under the act would total \$29 billion over the 2013–2017 period, or \$590 million more than for S. 3240 as introduced, assuming appropriation of the necessary amounts. Those additional authorizations of appropriations include:

- \$100 million a year to combat bark beetles on forest land;
- \$20 million a year to promote maple syrup production;
- \$25 million a year to research poultry feed; and
- \$10 million to purchase pulse (certain grain legume) crops

for the School Lunch Program.

Other provisions of S. 3240 would require USDA to study a variety of issues, establish a USDA Office of Tribal Relations, and amend the operation of various discretionary USDA programs.

TABLE 5.—CBO ESTIMATE OF THE IMPACT ON DIRECT SPENDING OF AMENDMENTS TO S. 3240 ADOPTED BY THE SENATE

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
By fiscal year, in millions of dollars—												
CHANGES IN DIRECT SPENDING FOR S. 3240 AS INTRODUCED ON MAY 24, 2012												
Estimated Budget Authority ...	295	-1,352	-2,909	-2,305	-2,272	-3,000	-2,855	-2,934	-2,888	-2,764	-8,542	-22,983
Estimated Outlays	338	-2,092	-3,087	-2,226	-2,270	-2,869	-2,812	-2,897	-2,884	-2,795	-9,337	-23,593
AMENDMENTS ADOPTED AFFECTING DIRECT SPENDING												
Manager's Amendment:												
Estimated Budget Authority	-355	410	22	18	18	18	19	19	19	21	113	209
Estimated Outlays	-353	260	95	39	20	30	17	18	15	31	61	172
Improve Livestock Forage Disaster Program:												
Estimated Budget Authority	0	11	5	5	6	6	6	6	6	6	27	57
Estimated Outlays	0	11	5	5	6	6	6	6	6	6	27	57
Strengthen Rural Communities:												
Estimated Budget Authority	-33	83	33	33	33	0	0	0	0	0	149	149
Estimated Outlays	-9	0	20	32	40	34	22	10	1	0	83	150
Organic Crop Price Elections For Crop Insurance:												
Estimated Budget Authority	0	1	1	1	1	1	1	1	1	1	4	9
Estimated Outlays	0	0	1	1	1	1	1	1	1	1	3	8
Disaster Assistance for 2012 Fruit Losses:												
Estimated Budget Authority	0	120	0	0	0	0	0	0	0	0	120	120
Estimated Outlays	0	108	12	0	0	0	0	0	0	0	120	120
Crop Insurance:												
Estimated Budget Authority	0	-2	-4	-6	-9	-9	-9	-9	-9	-9	-21	-66
Estimated Outlays	0	0	-2	-4	-6	-9	-9	-9	-9	-9	-12	-56

Estimate prepared by: Federal Costs: Jim Langley, Greg Hitz, Dave Hull, Kathleen FitzGerald, Emily Holcombe, Ann Futrell, Dan Hoople, and Jeff LaFave; Impact on State, Local, and Tribal Governments: J'nell L. Blanco and Lisa Ramirez-Branum; Impact on the Private Sector: Amy Petz.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In compliance with subsection (b)(2) of paragraph 11 of rule XXVI of the Standing Rules of the Senate, the Committee states that, in its opinion, it is necessary to dispense with the requirements of paragraph (1) of that subsection in order to expedite the business of the Senate. The Committee further notes that the programs in the reported bill are, by and large, voluntary and are assistance-based not regulatory in nature and, thus, the Committee does not foresee significant regulatory impacts on groups or classes of individuals and businesses as a result of this legislation. The regulations issued pursuant to the implementation of the bill will prescribe and define the programs authorized. Significant new regulatory burdens are not expected to result from the regulations issued pursuant to the reported bill.

NUMBER OF PERSONS COVERED

The Committee notes that nearly every American will be affected in some way by the reported legislation as it pertains to the production of food, feed, fiber and fuel for the nation, as well as providing assistance for conserving natural resources, promoting international trade, providing assistance to low-income Americans to feed themselves and their families, provides economic development assistance for rural communities and renewable energy, as well as for food and agricultural-based research.

ECONOMIC IMPACT

The Committee concludes that the reported legislation will not have an adverse economic impact on the nation. The reported bill provides assistance to farmers, ranchers, rural communities, rural businesses, low-income families and universities. The reported legislation helps to support 16 million jobs in the U.S. and will have a positive impact on the national economy.

PRIVACY

The Committee concludes that the reported legislation will not have a negative impact on the personal privacy of individuals.

PAPERWORK

The Committee does not anticipate a major increase in paperwork burdens resulting from the reported legislation. In fact, the reported legislation contains numerous efforts to eliminate, consolidate and otherwise streamline programs and improve the efficiency of administration, which the Committee intends to help reduce overall paperwork for participants in the programs contained within the reported legislation.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee states that, in its opinion, the reported bill does not contain any congressionally directed spending items requiring report.

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title; Table of Contents

This section supplies the short title for the legislation, “Agriculture Reform, Food and Jobs Act of 2012” and the table of contents for the entire legislation.

SUBTITLE A—REPEALS AND REFORMS

Sections 1101, 1102 and 1103 repeal direct payments, counter-cyclical payments and Average Crop Revenue Election program, respectively, effective with the 2013 crop year.

Section 1104. Definitions

Section 1104 provides definitions for various terms used in this subtitle.

“Actual Crop Revenue” with respect to a covered commodity for a crop year means the amount determined by the Secretary under section 1105(c)(4) that establishes whether agriculture risk coverage payments are required to be made for that crop year.

“Agriculture Risk Coverage Guarantee” with respect to a covered commodity for a crop year means the amount determined by the Secretary under section 1105(c)(4) to determine whether payments are required to be made for that crop year.

“Agriculture Risk Coverage Payment” means a payment for a covered commodity made under section 1105(c).

“County Coverage” is for the purposes of agriculture risk coverage under section 1105 and means the level of coverage determined using the total quantity of all acreage in a county of the covered commodity that is planted or prevented from being planted by a producer with the yield determined by the average county yield.

“Covered Commodity” means wheat, corn, grain, sorghum, barley, oats, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts. Additionally, the Secretary is instructed to study the feasibility of including popcorn as a covered commodity by 2014 and if the Secretary determines it to be feasible, shall designate popcorn as a covered commodity.

“Eligible acres” means all acres planted or prevented from being planted to covered commodities on a farm in any crop year. Eligible acres shall not exceed the average total acres planted or prevented from being planted to covered commodities and upland cotton on the farm for the 2009 through 2012 crop years. The Secretary shall provide for an adjustment to eligible acres to account for cropland coming out of Conservation Reserve Program contracts and to account for resource conserving rotations such as summer fallow. Agricultural land that has been used for the purpose of enriching land or conserving moisture in conjunction with a crop rotation practice between crop years 2009–2012 is an essential part of the definition of eligible land in the Agricultural Risk Coverage program proposed

in this bill. It is the intent of the Committee that a land enriching crop such as alfalfa be included in a rotation practice included in the definition of eligible land. The Secretary is directed to specifically include alfalfa as an eligible crop as part of a rotation practice in this context when promulgating regulations to implement the Agricultural Risk Coverage program.

“Extra Long Staple Cotton” means cotton that is produced from pure strain varieties of the *Barbadense* species or any hybrid of the species, or other similar types of extra-long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties to types.

“Individual Coverage” for purposes of the Agriculture Risk Coverage program means the level of coverage determined based on the sum of all of a producer’s acreage in a county planted or prevented from being planted to a covered commodity and the yields associated with those acres.

“Medium Grain Rice” includes short grain rice.

“Midseason price” means the applicable national average price received by producers for the first 5 months of the applicable marketing year.

“Other Oilseed” means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.

“Producer” means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share, in the crop available for marketing from the farm, or would have shared the crop been produced.

“Pulse Crop” means dry peas, lentils, small chickpeas, and large chickpeas.

“State” means a State of the United States and includes the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

“Transitional Yield” has the meaning given the term in section 502(b) of the Federal Crop Insurance Act.

Section 1105. Agriculture risk coverage

Section 1105 authorizes Agriculture Risk Coverage (ARC) payments for the 2013 through 2017 crop years. Producers are provided an opportunity to make a one-time election to receive coverage at either the individual level or county level for all covered commodities and all acres under the control of the producer. The coverage election is binding on the producer through the 2017 crop year, so that new acreage coming under the producer’s control would be subject to the coverage level elected by that producer and not a previous producer. Acreage leaving the producer’s control would no longer be subject to that producer’s election but would be subject to the subsequent producer’s election. Furthermore, the Secretary is required to ensure that producers are not able to reconstitute or transfer control of acreage in an attempt to alter or reverse the coverage election.

ARC payments are required to be made when a producer’s actual crop revenue for a covered commodity is less than the ARC cov-

erage guarantee. The guarantee is set as 89 percent of the benchmark revenue, which is defined as the product obtained by multiplying the 5-year Olympic yield (individual or county) by the 5 year Olympic national average price. The payment rate is the difference between the agriculture risk coverage guarantee for the covered commodity and the actual crop revenue for the covered commodity, but not to exceed 10 percent of the benchmark revenue for the crop year for the covered commodity. This subsection establishes the ARC coverage band as between 89 percent and 79 percent of the benchmark or rolling historic revenue. Payments for individual coverage are made on 65 percent of the eligible acres that were planted to the covered commodity or 45 percent for those acres that were prevented from being planted. Payments for county coverage are made on 80 percent of the eligible acres that were planted to the covered commodity or 45 percent for those acres that were prevented from being planted. Finally, the Secretary is required to use all information to check for anomalies in making payments, calculate a separate guarantee for irrigated and non-irrigated commodities, differentiate by type or class the national average price of sunflower, barley (using malting barley values) and wheat, and assign a yield for producers who do not have a yield history or whose yield is an unrepresentative average yield.

The Committee intends for the Farm Service Agency (FSA) to administer ARC through its existing system, but expects very close cooperation and coordination between FSA and the Risk Management Agency (RMA), especially with regard to sharing information and reporting by farmers. For the yields in the ARC calculation, the Committee intends that USDA utilize information from RMA and the Federal Crop Insurance Corporation (FCIC) as much as possible and where available. Individual yields should be based on the yields the producer reports to RMA for crop insurance and that are used to calculate the producers' Actual Production History. The Committee does not intend for USDA to duplicate yield information collection efforts between RMA and FSA.

As discussed above, the eligible acres concept is a significant departure from current policy regarding base acres. The Committee does not intend for FSA to utilize any aspect of historical base acres in the administration and operation of ARC. Eligible acres are those planted or prevented from being planted to covered commodities on the FSA farm. Eligible acres are not to exceed the average annual total acres planted to covered commodities and upland cotton during the 2009 through 2012 crop years. Specifically, this is a cap on the total number of planted acres that can be eligible for payments under ARC, rather than a revised or new base acre calculation. Payments will not be made on eligible acres unless they are planted to a covered commodity and the ARC program is triggered for that covered commodity.

ARC payments are calculated using all of a producer's planted or prevented acres in a county, (*i.e.*, on an enterprise unit basis), however the total acres eligible for ARC payments planted cannot exceed the eligible acre cap on a FSA farm.

While the decision to opt for individual or county coverage applies to all farms under control of a producer and while benefits of ARC are calculated on an enterprise unit basis, the acreage cap is to be applied on a farm by farm basis. The following is an example

of how this acreage cap would be applied to two separate farms under the control of a single producer:

Farm #1 has a 2009–2012 planting history of 200 acres of covered commodities and upland cotton. These are the eligible acres for Farm #1. In 2014, Farm #1 plants 100 acres of soybeans and 100 acres of wheat for a total of 200 planted acres. If this farm is eligible for an ARC payment for wheat or soybeans, there would be no prorate factor because this producer is planting the same number of acres as the eligible acreage cap for that farm.

Farm #2, which is operated by the same producer as Farm #1, has a 2009–2012 planting history of 700 acres of covered commodities and upland cotton. These are the eligible acres for Farm #2. In 2014, Farm #2 plants 400 acres of soybean and 400 acres of wheat for a total of 800 planted acres. This exceeds the eligible acreage cap by 100 acres, so if the farm is eligible for an ARC payment for wheat or soybeans, there would be a prorate factor of 87.5% (700 acre cap/800 acres planted).

If the soybean actual revenue is less than the soybean guarantee, but the wheat actual revenue is more than the wheat guarantee, the producer will receive payment on 450 soybean acres, 100 of the 450 soybean acres receiving payment will be on Farm #1 and the remaining 350 acres receiving payment will be on Farm #2 (350 acres is the prorate factor of 87.5% times 400 acres of planted soybeans on Farm #2). If the soybean payment is \$25 per acre and the producer elected county coverage then the producer will be paid \$9,000 (\$25 multiplied by 80% multiplied by 450 acres). If the producer receives less than 100 percent of the crop production for either of the farms due to, but not limited to partnership or share-crop agreements, then the producer's share of the eligible acres for each farm will be proportional to the producer's share of the crop production.

Section 1106. Producer agreement required as condition of provision of payments

Section 1106 continues current law regarding conservation compliance, acreage reporting and transfers of interest for eligibility for ARC payments. Producers are required to comply with applicable conservation and wetland protections and effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices as determined by the Secretary. As in current law, there is no penalty with respect to benefits assessed against producers on the farm for an inaccurate acreage or production report. Data that is reported by the producer must meet the requirements under the Federal Crop Insurance Act without additional submission to the Department. Additionally, adequate safeguards to protect the interests of tenants and sharecroppers are required.

Section 1107. Period of effectiveness

Section 1107 establishes that the programs and provisions of this subtitle are applicable through the 2017 crop year.

SUBTITLE B—MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY
PAYMENTS

Section 1201. Availability of nonrecourse marketing assistance loans for loan commodities

In general, section 1201 continues current law through 2017 authorizing the Secretary to make nonrecourse marketing assistance loans for loan commodities. The section defines “Loan Commodity” same as current law, except replaces “wool” with “graded wool” and “non-graded wool.” The only revision to current law in this section involves applying the same conservation compliance provisions applicable to ARC to this program such that to be eligible to receive marketing assistance loans producers must comply with applicable conservation and wetland protections and effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices as determined by the Secretary. Similarly, it sets requirements governing transfers of interest, requires acreage and production reports, provides for adequate safeguards to protect the interests of tenants and sharecroppers and incorporates special loan, storage, handling, and marketing rules for peanuts.

Section 1202. Loan rates for nonrecourse marketing assistance loans

Section 1202 continues current law establishing loan rates for the loan commodities. The loan rates are the same as provided for in the 2008 Farm Bill except the upland cotton loan rate which has been adjusted due to the WTO dispute with Brazil. The section also continues current law establishing single loan rates in each county for each of the “other oilseeds.” The following are the loan rates for the 2013–2017 crop years:

- Wheat, \$2.94 per bushel (Same as current law)
- Corn, \$1.95 per bushel (Same as current law)
- Grain Sorghum, \$1.95 per bushel (Same as current law)
- Barley, \$1.95 per bushel (Same as current law)
- Oats, \$1.39 per bushel (Same as current law)
- Upland Cotton (changed from 2008 Farm Bill from \$0.52 per pound): for the 2013 and each subsequent crop year, the simple average of the adjusted prevailing world price for the 2 immediately preceding the next domestic plantings, but in no case less than \$0.47 per pound or more than \$0.52 per pound.
- Extra-long staple cotton, \$.7977 per pound (Same as current law)
- Long grain rice, \$6.50 (Same as current law)
- Medium grain rice, \$6.50 (Same as current law)
- Soybeans, \$5.00 per bushel (Same as current law)
- Other oilseeds, \$10.09 per hundredweight (Same as current law)
- Dry Peas, \$5.40 per hundredweight (Same as current law)
- Lentils, \$11.28 per hundredweight (Same as current law)
- Small chickpeas, \$7.43 per hundredweight (Same as current law)
- Large chickpeas, \$11.28 per hundredweight (Same as current law)
- law)
- Graded wool, \$1.15 per pound (Same as current law)
- Non-graded wool, \$0.40 per pound (Same as current law)
- Mohair, \$4.20 per pound (Same as current law)
- Honey, \$0.69 per pound (\$0.03 cents lower than current law)
- Peanuts, \$355 per ton (Same as current law)

Section 1203. Terms of Loans

Section 1203 continues current law setting marketing assistance loan terms at nine months and prohibiting extensions.

Section 1204. Repayment of Loans

Section 1204 continues current law regarding repayment of loans. Producers are required to repay a marketing assistance loan for a loan commodity (other than upland cotton, long grain rice, medium grain rice, extra long staple cotton, peanuts, and confectionary and each other kind of sunflower seed (other than oil sunflower seed)) at a rate established for the commodity plus interest, calculated based on the average market prices for the loan commodity during the preceding 30 day period.

The loan repayment rate for extra-long staple cotton is the loan rate established under section 1202, plus interest. In addition, it requires the Secretary to issue by regulation a formula to determine the prevailing world market price for upland cotton, long grain rice, and medium grain rice, and a mechanism by which the Secretary shall announce periodically those prevailing world market prices.

Current statutory requirements regarding adjustment to the prevailing world market prices for long grain rice, medium grain rice and upland cotton are continued. The Secretary is required to establish a mechanism for determining and announcing these adjustments in order to avoid undue disruption in the United States market. Current law regarding the repayment rates for confectionery and other kinds of sunflower seeds (other than oil sunflower seed) at a rate that is lesser of the loan rate established under section 1202, plus interest, or the repayment rate established for oil sunflower seed is continued.

The Secretary will temporarily adjust repayment rates in the event of a severe disruption to marketing, transportation, or related infrastructure.

Section 1205. Loan deficiency payments

Section 1205 continues current law through 2017 authorizing the Secretary to make loan deficiency payments available to producers who agree to forego marketing loans for the same commodities. It authorizes loan deficiency payments for producers of unshorn pelts and hay and silage, although such producers are not eligible for marketing loans. The section also establishes the computation for loan deficiency payments as the product of the payment rate for commodity multiplied by the quantity of the commodity produced by using the rate in effect as of the date the producer requests payment.

Section 1206. Payments in lieu of loan deficiency payments for grazed acreage

Section 1206 continues current law through 2017 authorizing the Secretary to make payments to producers of wheat, barley, oats, or triticale if the producer agrees to use the acreage for grazing livestock and to forgo any other harvesting. Payments must be made at the same time as loan deficiency payments, in an amount that is the product of the loan deficiency payment rate and the payment quantity, as determined by multiplying the quantity of grazed acre-

age by the payment yield. Separate rules apply for determining the triticale payment amount. Such acreage is not eligible for a crop insurance indemnity or noninsured crop assistance.

Section 1207. Special marketing loan provisions for upland cotton.

Section 1207 continues current law through 2017 requiring an import quota program for upland cotton whenever the Secretary determines that, for any consecutive four-week period, the Friday through Thursday average price for the lowest priced U.S. growth delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound. This section prohibits the Secretary from adjusting the average price quotation for the value of any certificates during any month for which the Secretary estimates the season-ending U.S. upland cotton stocks-to-use ratio to be below 16 percent. In making such estimates, the Secretary is required to estimate and report the season-ending U.S. stocks-to-use ratio on a monthly basis.

The Secretary must continue to provide economic adjustment assistance to domestic users of upland cotton in the form of payments for all documented use of that upland cotton during the previous monthly period, regardless of the origin of the upland cotton. Assistance provided should be 3 cents per pound and made available only to domestic users of upland cotton that certify that the assistance is used to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery.

Section 1208. Special competitive provisions for extra long staple cotton

Section 1208 continues current law through 2017 requiring a program to expand the domestic use of extra-long staple cotton produced in the U.S., increase exports, and ensure that the U.S. remains competitive in world markets. The Secretary makes payments when, for a four week period, the world market price for the lowest priced extra-long staple cotton is below the prevailing price for a competing growth of extra-long staple cotton is less than 134 percent of the loan rate for extra-long staple cotton.

Section 1209. Availability of recourse loans for high moisture feed grains and seed cotton

Section 1209 continues current law through 2017 authorizing the Secretary to make recourse loans available to producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture state. Producers must present certified scale tickets or field or other physical measurements of the standing or stored crop. In regions without certified commercial scales, producers must certify that they were the owners of the feed grain and comply with established deadlines. The section defines "high moisture state" as corn or grain sorghum having moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans. The Secretary is also authorized to make available recourse seed cotton loans on any production.

Section 1210. Adjustments of loans.

Section 1210 provides that the programs and provisions of this subtitle are applicable through 2017, and authorizes the Secretary to make adjustments in the loan rates for any commodity based on differences in grade, type, quality, location, and other factors.

SUBTITLE C—SUGAR

Section 1301. Sugar

Section 1301 continues current law through 2017 requiring the Secretary to make loans available to sugarcane processors at 18.75 cents per pound for raw cane sugar, and to sugar beet processors at a rate that is 128.5 percent of the loan rate for raw cane sugar. The Secretary is authorized to reduce the loan rates if negotiated reductions in domestic and export subsidies of other major sugar producing countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture. It also authorizes the Secretary to provide that refined sugars, whether from beets or cane, are substitutable for purposes of the refined sugar and sugar containing products re-export programs. In addition, the Secretary will annually estimate: the quantity of sugar subject to human consumption in the United States; the quantity of sugar that would provide reasonable carryover stocks; the quantity available from carry-in stocks for human consumption; the quantity of sugar available from domestic processing of sugarcane, sugar beets, and in-process beet sugar; and the quantity of sugars, syrups, and molasses that will be imported for human consumption.

SUBTITLE D—DAIRY

PART I—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM AND
DAIRY MARKET STABILIZATION PROGRAMS

The United States dairy industry should be allowed to grow and compete globally to help ensure a strong American agricultural economy. The Committee recognizes the importance of both the producer and processor sectors of the dairy industry. The Secretary should use his authority granted in this subtitle and his discretion to ensure the entire dairy industry is strengthened by the new programs and policies.

Section 1401. Definitions

Section 1401 defines the terms used in the Dairy Production Margin Protection Program (DPMPP) and Dairy Market Stabilization Program (DMSP):

“Milk price” is the “all-milk price,” or average price received by dairy operations across the United States.

“Average feed cost” is calculated based on specific national corn, soybean meal, and alfalfa prices.

“Actual Dairy Production Margin” is the difference between the “all-milk price” and the “average feed cost.”

“Dairy operation” means 1 or more producers that produce and market milk as a single operation, and each dairy producer shares in the pooling of resources and a common ownership structure, is at risk in the production of milk, and contributes land, labor, man-

agement, equipment, or capital to the dairy operation. The Secretary is allowed to determine additional ownership structures.

“Handler” means an initial handler that is the initial individual or entity making payments directly to a dairy operation.

“Consecutive 2-month period” refers to the 2-month period consisting of January and February, March and April, May and June, July and August, September and October, November and December.

“Basic Production History” is the production history determined for a participation operation for basic margin protection

“Annual Production History” is the production history determined for a participating dairy operation when the operation purchases supplemental margin protection.

Section 1402. Calculation of average feed cost and actual dairy producer margins

Section 1402 establishes that the national average feed cost shall be calculated by the Secretary, based on U.S. prices for corn, soybean meal, and alfalfa each month. In the margin protection program, actual dairy operation margin is calculated by the Secretary by subtracting a defined, national average feed cost from the all-milk price for defined consecutive 2-month periods. In the stabilization program, actual dairy operation margin is calculated by the Secretary by subtracting the average feed cost from the all-milk price for the preceding month. The Committee expects the Secretary to collect the data necessary for the administration, functionality, and success of the new programs as soon as practicable.

SUBPART A—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM

Section 1411. Establishment of dairy production margin protection program

Section 1411 establishes the DPMP program, to provide assistance to dairy operations based on a calculated margin of milk price over feed costs. Basic margin protection is available to all operations with coverage for a \$4.00 margin on 80 percent of production based on an established basic production history. Supplemental margin protection is available for purchase on an annual production history with subsidized premiums. An operation will have the opportunity to purchase supplemental coverage from a \$4.50 margin up to an \$8.00 margin in \$0.50 increments on up to 90 percent (no less than 25 percent) of the annual production history.

Section 1412. Participation of dairy operations in production margin protection program

Section 1412 establishes that all operations are eligible for payments pursuant to the margin protection program, provided they sign up for basic or supplemental protection. Operations may opt for coverage through the Milk Income Loss Contract (MILC) established by FCEA of 2008, until June 2013 at modified support levels. Operations may participate in either MILC or DPMP program, but not both, through June 2013. Additionally, dairy operations may participate in either Livestock Gross Margin-Dairy (LGM-Dairy) or DPMP, but not both. There are no guarantees that LGM-

Dairy funding will be available or that all producers will be able to get LGM-Dairy coverage when funding is available. The Committee extended the MILC program at modified levels until June 2013 to provide a transition period for producers while the Secretary finalizes rules for the new programs. The Department should notify MILC participants of the MILC program end date. The Committee intends for the Secretary to educate the dairy industry, including potential program participants, about the new options and obligations included in both the margin protection and market stabilization programs. The Committee encourages the Secretary to partner with market participants and State and local organizations to carry out the educational activities.

The section also establishes an administration fee for the margin protection program. Fees will be used to cover costs to administer DPMP and DMSP and for USDA-administered dairy market transparency measures. The administration fee is waived in the case of limited resource farmers. The Committee intends for the provided program administrative fees to be used to supplement the Secretary's current budget for dairy programs, and not serve as the primary source of funding for program implementation. The Committee expects the fees to be used for providing additional staff and services only if necessary to expedite program implementation and to ensure sufficient staff for program administration. The Committee also intends for the Secretary to use the fees for providing consistent funding for transparency measures.

Section 1413. Production history of participating dairy operations

Section 1413 establishes the methods for calculating production histories for the basic and supplemental margin protection programs. It allows herd growth by annually updating production history for supplemental margin protection. The section also authorizes the Secretary to specify conditions for transferring production history of a dairy operation by sale or lease. It prohibits a purchaser or lessee from obtaining a different level of basic or supplemental protection coverage during the calendar year in which the transfer is made. These provisions are intended to ensure program integrity and not allow dairy operations to game the program.

Section 1414. Basic margin protection

Section 1414 provides that basic protection is available to all participating operations to receive a basic margin protection payment whenever actual dairy margin for a consecutive 2-month period is less than \$4.00 per hundredweight (cwt) of milk. Operations will receive payments equal to the difference between \$4.00 and the actual margin (when actual margin is less than \$4.00) on 80 percent of base production.

Section 1415. Supplemental margin protection

Section 1415 allows a dairy operation participating in the basic margin protection program to annually purchase supplemental protection to cover higher margins in increments of \$0.50 for margins between \$4.50 and \$8.00 on 25 percent to 90 percent of milk production. Operations must pay an annual premium for supplemental protection based on actual production. A discounted premium is offered on the first 4 million pounds of milk, which covers production

from approximately 200 to 250 cows annually. The premiums are as follows:

Coverage Level	Premium/cwt (< 4 million lbs)	Premium/cwt (>4 million lbs)
\$4.50	\$0.01	\$0.02
5.00	0.02	0.04
5.50	0.035	0.10
6.00	0.045	0.15
6.50	0.09	0.29
7.00	0.40	0.62
7.50	0.60	0.83
8.00	0.95	1.06

Participating operations will receive payment whenever the average actual margin for a defined consecutive two-month period is less than the selected coverage threshold. Payment is based on the difference between actual margin and guaranteed margin, multiplied by the selected coverage percentage and the lesser of the annual production history divided by 6, or the actual amount of milk marketed during the previous 2-month period.

The Committee expects the Secretary to provide flexibility for producers when establishing payment plans for the new programs. Limited discretion is provided to design the new programs with flexibilities for producers, including the monthly payment of administrative fees and premium payments, or payment using other appropriate time periods to maximize program integrity and producer convenience. Where applicable and practicable, premium payments should be withheld from a producer’s milk check.

Section 1416. Effect of failure to pay premiums

Section 1416 establishes that a participating operation that fails to pay the required administrative fees or premiums remains legally obligated to pay them and may not receive basic or supplemental margin protections payments until fees are fully paid.

SUBPART B—DAIRY MARKET STABILIZATION PROGRAM

Section 1431. Establishment of dairy market stabilization program

Section 1431 creates the Dairy Market Stabilization Program to assist in balancing the supply of milk with demand when producers are experiencing low or negative operating margins. Subject to exceptions in Section 1436, when dairy margins fall below a certain level, the Secretary is required to have initial dairy handlers reduce the payments to dairy operations in order to encourage them to either scale back milk production temporarily or to avoid increasing production while margins are considered low or negative. The payment reductions are based on actual margin, according to the following schedule:

Actual margin	Milk payment, greater of the following
>\$5.00—<\$6.00/2-month	98% of base or 94% of month’s milk marketed
<\$5.00—>\$4.00/2-month	97% of base or 93% of month’s milk marketed
<\$4.00/1-month	96% of base or 92% of month’s milk marketed

This program is voluntary, but any operation enrolled in the Dairy Production Margin Protection Program is required to enroll in Dairy Market Stabilization. Handlers that are tasked with re-

ducing the payments and remitting them to the Secretary are initial handlers defined as the initial individual or entity making payments directly to a dairy operation. The Dairy Market Stabilization program is voluntary, but any operation enrolled in the Dairy Production Margin Protection Program is required to enroll in the Dairy Market Stabilization Program. To permit overall growth in dairy production in general, operations may update their production history base calculation method annually.

Section 1432. Threshold for implementation and reduction in dairy operation payments

Section 1432 requires the Secretary to announce that the stabilization program takes effect when actual margin has been \$6.00 or less for two months, or actual margin has been \$4.00 or less for one month. The stabilization program will go into effect on the first day of the month following an announcement by the Secretary that margin triggers have been met. The stabilization program will be suspended, or not triggered, as soon as certain conditions are met.

Section 1433. Producer milk marketings information

Section 1433 directs the Secretary to establish a process for collecting milk marketing information from dairy operations and handlers and to minimize regulatory burden on dairy operations and handlers. It also requires the Secretary to minimize the regulatory burden on operations and handlers.

Section 1434. Calculation and collection of reduced dairy producer payments

Section 1434 defines payment reduction requirements for the stabilization program based on actual dairy margin. Payments will not be reduced if an operation's monthly milk marketings are equal to or less than the percentage of a defined rolling base.

Section 1435. Remitting monies to the secretary and use of monies

Section 1435 requires initial handlers to remit to the Secretary an amount equal to that which they withheld from dairy operations. The Secretary must use the remitted monies for the purpose of expanding consumption and building demand for dairy products by purchasing dairy products for donation to food banks and other appropriate programs.

Section 1436. Suspension of reduced payment requirement

Section 1436 provides the criteria by which the stabilization program will be suspended. The section creates a suspension trigger that is based on world prices, as determined by the Secretary, for dairy products such that U.S. cheddar cheese and nonfat dry milk prices are compared to world cheddar cheese and skim milk powder prices. If certain conditions are met, the Secretary shall suspend the program or simply not make the announcement to trigger the program. Once suspended, stabilization cannot resume until 2 months have passed and the stabilization criteria have been met to warrant stabilization implementation. The suspension triggers are as follows:

Actual margin is greater than \$6.00 for two months, or

Actual margin is greater than \$5.00 and less than or equal to \$6.00 for 2 months and: the U.S. price for cheddar cheese is equal to or greater than the world price for cheddar cheese, or the U.S. price for nonfat dry milk is equal to or greater than the world price for skim milk powder, or

Actual margin is greater than \$4.00 and less than or equal to \$5.00 for 2 months and: the U.S. price for cheddar cheese is more than 5 percent above the world price for cheddar cheese, or the U.S. price for nonfat dry milk is more than 5 percent above the world price for skim milk powder, or

Actual margin is less than or equal to \$4.00 for 2 months and: the U.S. price for cheddar cheese is more than 7 percent above the world price for cheddar cheese, or nonfat dry milk is more than 7 percent above the world price for skim milk powder.

The suspension trigger ensures that the stabilization program will be sensitive to world market conditions. The Committee intends for the market stabilization program to suspend when supply outpaces demand as authorized by the world price provisions. This Committee has included a voluntary stabilization program to send signals to all dairy producers that they should slow down milk marketings in order to better balance milk supply and demand, decrease price volatility, and increase margins received by producers. The programs allow dairy producers to take risk management into their own hands.

Section 1437. Enforcement

Section 1437 requires timely and accurate reporting of stabilization funds to the Secretary and allows the Secretary to take necessary actions to ensure compliance.

Section 1438. Audit requirements

Section 1438 authorizes the Secretary to conduct periodic audits of participating dairy operations and handlers to ensure compliance. The audits must be random and statistically valid and the Secretary shall submit audit results to Congress, including recommendations the Secretary considers appropriate regarding the stabilization program.

Section 1439. Study; report

Section 1439 requires the Secretary to direct the Office of the Chief Economist to conduct a study of the impacts of the stabilization program and report to Congress by December 1, 2016.

SUBPART C—DURATION

Section 1451. Duration

Section 1451 authorizes the DPMP and DMSP through fiscal year 2017.

PART II—DAIRY MARKET TRANSPARENCY

Section 1461. Dairy product mandatory reporting

Section 1461 amends the Agricultural Marketing Act of 1946 to allow the Secretary to report on any products that may significantly aid price discovery in the dairy markets; requiring each manufacturer to report to the Secretary, at least monthly, informa-

tion concerning price, quantity, moisture content, or any characteristics that may aid in price discovery of dairy products sold. The section further allows the Secretary to modify the format used to provide information to ensure the information is readily understood by market participants. Each manufacturer and person storing dairy products is required to report to the Secretary, at least monthly, information on the quantity of dairy products stored, and ensuring dairy products in cold storage are included in reportable products. The Committee provided the Secretary with additional authority for collecting information on dairy products and dairy product prices to enhance price discovery. The Secretary should use the authority whenever appropriate. While this Committee supports increased transparency, it expects the Secretary will use this additional authority judiciously and consider public and Congressional input when considering potential changes to reporting requirements.

Section 1462. Federal Milk Marketing Order (FMMO) information

Section 1462 directs the Secretary to establish an information clearinghouse for the purposes of educating the public about the FMMO system and any order referenda, including proposal information and timelines. FMMO information must be made available through website and appropriate publications. The Committee extended the Federal Milk Marketing Orders (FMMO) Review Commission and provided funding to consider FMMO changes.

PART III—REPEAL OR REAUTHORIZATION OF OTHER DAIRY-RELATED PROVISIONS

Sections 1471 and 1472 repeal the following programs: Dairy Product Price Support Price Support from the Food, Conservation, and Energy Act of 2008 and the Dairy Export Incentive Program from the Food Security Act of 1985. However, the Milk Income Loss Contract Program is extended through June 2013 to permit time to implement the programs contained in the reported bill at the current 45 percent level and provides conforming amendments to the Trade Sanctions Reform and Export Enhancement Act of 2000.

Sections 1473, 1474, 1475, and 1476 extend the Dairy Forward Pricing Program, Dairy Indemnity Program, Dairy Promotion and Research Program, and the Federal Milk Marketing Order Review Commission through 2017.

PART IV—EFFECTIVE DATE

Section 1481. Effective date

Section 1481 requires the amendments made by the reported bill to take effect on October 1, 2012.

SUBTITLE E—SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE PROGRAMS

Section 1501. Supplemental agricultural disaster assistance

Section 1501 provides for certain supplemental agricultural disaster assistance programs created in the 2008 Farm Bill to be available to producers through fiscal year 2017 and that funding for the programs shall be out of the funds of the Commodity Credit Corporation.

Livestock Indemnity Payments (LIP) are to be made for livestock lost in excess of normal mortality rates due to adverse weather including hurricanes, blizzards, extreme heat, floods, disease, wildfires, extreme cold and attacks by animals reintroduced into the wild by the Federal Government. Payments are 65 percent of the market value of the animal. LIP is to provide benefits to all livestock producers, including but not limited to those involved in range operations, who follow appropriate management practices.

Livestock Forage Disaster Program (LFP) provides payments that are to be made for forage losses to eligible livestock producers due to drought or fire. Eligible land to be covered includes native or improved pastureland with permanent vegetative cover or land that has crops planted specifically for the purpose of providing grazing for livestock. Payments are to be calculated using the monthly feed cost for all covered livestock and the normal carrying capacity of eligible grazing lands. With regard to section 1501(c)(1)(E), the Committee notes that the program covers grazing losses due to drought during the grazing season, which is the normal period of time in which livestock graze in the geographic area. The Committee emphasizes that LFP is designed to cover grazing losses during the normal grazing period, not the normal growing period.

Emergency Assistance for Livestock, Honey Bees and Farm Raised Fish (ELAP) is to be made to eligible producers of livestock, honey bees and farm raised fish to aid with losses due to disease, adverse weather, or other conditions that are not otherwise covered by LIP or LFP. The funding for ELAP is \$10 million per fiscal year.

The Secretary shall provide assistance to eligible orchardists and nursery tree growers for losses due to natural disaster under the Tree Assistance Program (TAP).

Section 1502. Conforming Amendments

Section 1502 continues current law through 2017 and requires the Secretary to use such sums as are necessary of the Commodity Credit Corporation to carry out the programs in this subtitle.

SUBTITLE F—ADMINISTRATION

Section 1601. Administration generally

Section 1601 continues current law regarding administration of programs in the title through 2017 and reauthorizes the use of the funds, facilities, and authorities of the Commodity Credit Corporation to carry out the programs, including the current law for promulgation of regulations. The Secretary is required to make adjustments in the amount of expenditures under subtitles A through E that are subject to the total allowable domestic support levels under the Uruguay Round Agreements, if the Secretary determines that those expenditures will exceed such allowable levels for any applicable reporting periods.

Section 1602. Suspension of permanent price support authority

Section 1602 continues current law through 2017 pursuant to which the permanent price support authority of the Agricultural Adjustment Act of 1938 and Agricultural Act of 1949 is suspended for the 2013 through 2017 fiscal years for covered commodities (as

defined in section 1104), cotton, and sugar. Those provisions shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2017.

Section 1603. Payment limitations

Section 1603 limits the total amount of payments received, directly, or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year under subtitle A of the Agriculture Reform, Food, and Jobs Act to \$50,000 for all covered commodities and a separate limit for peanuts of \$50,000.

Section 1604. Payments limited to active farmers

Section 1604 amends Section 1001A of the Food Security Act of 1985 to ensure that payments do not go to individuals who are not farming by striking “or active personal management” each place it appears in subparagraphs (A)(i)(II) and (B)(ii). In its place, the section permits a single person to qualify as actively engaged solely based upon providing management to the farming operation, but that individual cannot qualify multiple entities. However, the Committee does not intend for the addition of a manager to qualify the farm operation for payments above the payment limit established in section 1603.

The Committee also recognizes the importance of spouses to family farming operations and the long-standing policy that permits the individual who qualifies as actively engaged in farming to also qualify his or her spouse as actively engaged, including qualifying for an additional payment and payment limit. Nothing in this section alters current law with regard to the spouse in a farming operation, and so long as one spouse qualifies as actively engaged the other spouse qualifies as well. If, however, the qualifying spouse was considered actively engaged solely based on providing active personal management to the farm operation neither spouse will now qualify as actively engaged, unless one qualifies under subparagraph 7 pertaining to the single manager for the farm operation.

Section 1605. Adjusted gross income limitation

Section 1605 amends current law regarding the adjusted gross income (AGI) eligibility requirements. The reported bill eliminates the distinction between farm AGI and nonfarm AGI. Pursuant to the reported bill, a person or legal entity is prohibited from receiving benefits under subtitle A in any year where the average gross income of the person or legal entity exceeds \$750,000. AGI is calculated by using a three-year, moving average.

Section 1606. Geographically disadvantaged farmers and ranchers

Section 1606 continues current law through 2017 authorizing the Secretary to provide geographically disadvantaged farmers and ranchers direct reimbursement payments as described.

Section 1607. Personal liability for producers for deficiencies

Section 1607 continues current law exempting producers from liability for certain deficiencies in collateral.

Section 1608. Prevention of deceased individuals receiving payments under farm commodity

Section 1608 continues current law through 2017 requiring the Secretary to reconcile social security numbers of all individuals who receive payments, whether directly or indirectly, with the Commissioner or Social Security to determine if the individuals are alive. The Secretary will preclude the issuance of payments to, and on behalf of, deceased individuals that were not eligible for payments.

The Committee recognizes the improvements made by the Secretary in recent years to prevent payments to deceased individuals. The Committee also recognizes that individuals can be entitled to a payment but become deceased before that payment is issued, and that such a payment is proper.

Section 1609. Appeals

Section 1609 amends current law to improve the appeals process at USDA and to ensure proper oversight, transparency and accountability for the Director of the National Appeals Division without inhibiting the proper functioning of the appeals process.

Section 1610. Technical corrections

This section continues current law permitting necessary technical changes be made in program operation and administration.

Section 1611. Assignments of payments

This section continues current law regarding the assignment of payments including that they be assigned in accordance with USDA regulations.

Section 1612. Tracking of benefits

Section 1612 continues current law through 2017 requiring the Secretary to establish procedures to track program benefits under Title I and II of that Act directly or indirectly to individuals and entities.

Section 1613. Signature authority

Section 1613 continues current law through 2017 authorizing the Secretary to approve documents containing signatures of program applicants. The Secretary shall not subsequently determine a document is inadequate or invalid because of the lack of authority of any applicant signing the document on behalf of the applicant unless the applicant knowingly and willfully falsified the evidence of signature authority or a signature.

Section 1614. Implementation

Section 1614 authorizes the Secretary to make \$100,000,000 in funds available to the Farm Service Agency to carry out this title and instructs the Secretary to seek to reduce paperwork and other administrative burdens, take advantage of new technologies to improve efficiency, as well as improve coordination with the Risk Management Agency and the Natural Resources Conservation Service.

TITLE II—CONSERVATION

SUBTITLE A—CONSERVATION RESERVE PROGRAM

Section 2001. Extension and enrollment requirements of conservation reserve program

Section 2001 extends the Conservation Reserve Program (CRP) authorization through 2017, and adds the definition for grasslands that will be eligible to be enrolled in the program. The reported bill also reduces the limit on the acres that can be enrolled in CRP contracts, such that the maximum enrolled acres shall be: 32 million acres for fiscal year (FY) 2012; 30 million acres for FY2013; 27.5 million acres for FY2014; 26.5 million acres for FY2015; 25.5 million acres for FY2016; and 25 million acres for FY2017.

Within the overall acreage cap, the bill provides for the enrollment in CRP of up to 1.5 million acres of grasslands and authorizes the Secretary to grant priority to lands expiring from current conservation reserve program contracts that will retain grass cover. This modification accommodates acreage that previously would have been eligible for short-term rental contracts under the Grasslands Reserve Program (GRP).

The specific priority designations for the Chesapeake Bay Region, the Great Lakes Region, and the Long Island Sound Region are removed. The authority for the Secretary to designate conservation priority areas is retained, recognizing the importance of the program for addressing State-identified areas of special environmental sensitivity.

Section 2002. Farmable wetland program

Section 2002 extends the Pilot Program for Enrollment and Buffer Acreage in Conservation Reserve authorization through 2017, and renames it the Farmable Wetland Program. The pilot has been in place since 2002, and the Committee action changes the program from a pilot program to a standing program.

Section 2003. Duties of owners and operators

Section 2003 removes the provisions for harvesting, grazing, and wind turbines, and rental rate reductions for authorized activities from the duties of owners and operators. These provisions are revised and moved to the duties of the Secretary.

Section 2004. Duties of the Secretary

Section 2004 amends current law to address reductions in rental rates for harvesting, grazing, or other commercial use of CRP lands. For harvesting, grazing or other commercial use of the forage on CRP lands in response to flooding, drought, or other emergency, the reported bill removes the requirement to reduce the rental rate. The bill provides for a reduction in the rental rate of not less than 25 percent for authorized harvesting or grazing activity, or in the case of grazing by livestock of beginning farmers or ranchers, no reduction in rental rate.

The Committee did not specify the range of situations under which CRP could be used to mitigate the impacts on agricultural producers resulting from adverse and extreme weather events or conditions. While these acres can provide additional forage when

they are located within the disaster footprint, these forages also could assist in meeting livestock forage needs when near to the affected area, or when other CRP contract holders are willing to make their forage available to those affected by the emergency, or when flooding displaces grazing livestock. In the waiver of rental rate reduction, it is expected USDA will take appropriate action to ensure the program participant does not receive additional compensation of cash or in-kind services for the hay, or grazing from this permitted use of the forage. This section establishes the frequency of harvesting and routine grazing on acres enrolled in CRP contracts, consistent with a conservation plan, and provides for the incidental use of buffers adjacent to agricultural lands.

Authorized activities for newly eligible grasslands include grazing, haying, mowing, or harvesting for seed production. The Secretary shall permit activities such as fire pre-suppression, rehabilitation and construction of fire breaks, fencing, livestock watering, and necessary cultural practices. These uses of the land are consistent with those allowed for rental contracts under the Grassland Reserve Program, and are carried over here to align with the authorized eligibility for those grasslands in the conservation reserve.

Provisions are added to allow conservation and land improvement practices in the final year of a contract, with a commensurate reduction in rental value. Re-enrollment of lands modified through this provision is prohibited for at least 5 years.

The Committee intends that the intensity of all specified activities permitted by the revisions to section 1233(b) of current law shall be conducted within the parameters outlined in the statute, and consistent with the conservation of soil, water quality, and wildlife habitat and other the purposes of the program, and to control invasive species. Additionally, the Secretary with advice from State Technical Committees shall ensure that the frequency and duration of all specified activities permitted are reflected in associated conservation plans appropriate for the local climatic conditions, precipitation, soils, and other necessary factors in order to meet the purposes of the program.

For the purposes of this program, the term “critical birds” shall include candidate, threatened or endangered species; species of economic significance; and priority fish and wildlife species identified in state, regional, or national wildlife plans and initiatives.

The revisions made to section 1233(b)(2) of the current statute clarify the intent of the Committee to allow some uses of the conservation reserve when the activities are beneficial to the health and viability of the established cover. In doing so, the Committee focused on grasslands-related activities since grasslands are the predominant cover for the program. The Secretary should consider this sufficient authority to allow such activities to occur on other cover types when they could serve a similar benefit to the health and vigor of the cover. For example, the pre-commercial thinning of pine, or the harvesting of pine straw may be allowed with commensurate reduction of rental rates if these activities would be a technically accepted activity for improving the health and viability of the stand, as reflected in the conservation plan.

Section 2005. Payments

Section 2005 clarifies the cost-share payments for proper thinning and practices to improve the condition of lands planted to trees, windbreaks, shelterbelts, and wildlife corridors. The section provides that annual payments for grasslands enrolled shall not be in amount that is more than 75 percent of the grazing value of the land under contract and provides flexibility for the Secretary to consider the NASS survey data in establishing payment rates. It also strikes the provisions for “payments in kind” through Commodity Credit Corporation stocks.

Section 2006. Contract requirements

Section 2006 continues the language for transitioning lands for a retiring farmer and rancher to a beginning farmer or rancher, or socially disadvantaged farmer or rancher with conforming changes to other sections.

Section 2007. Conversion of land subject to contract to other conserving uses

Section 2007 repeals this provision which is no longer applicable for contracts in place prior to November 28, 1990.

Section 2008. Effective date

Section 2008 sets the effective date of the amendments made by the reported bill as October 1, 2012, except that section 2001 (acreage limitations) is effective upon passage of the Act, and establishes no effect on existing contracts.

SUBTITLE B—CONSERVATION STEWARDSHIP PROGRAM

Section 2101. Conservation stewardship program

Section 2101 of the reported bill contains a complete revision to the Conservation Stewardship Program (CSP) contained in current law and while constituting a substitute for it, the reported bill’s provisions are primarily derived from current law. The legislation amends section 1238D by adding definitions of “agricultural operation” and “eligible land,” clarifies “priority resource concern” and “stewardship threshold,” and strikes “conservation measurement tool” and “resource concern” definitions.

The revised section 1238D in the reported bill streamlines and consolidates key definitions for the program. The meaning of agricultural operation tracks existing law. Conservation activities involve conservation systems, practices, and management measures. The term has an inclusive plain language meaning, encompassing, for example, conservation planning. The specific mention in the statute of inclusions does not exclude conservation activities that are otherwise within the definition. The definition of conservation stewardship plan makes it clear the plan is to inventory and identify priority resource concerns and to contain the additional specified elements encompassing new as well as existing conservation activities. Eligible land is defined to mean private and tribal land on which agricultural commodities, livestock, or forest-related products are produced plus associated land on which priority resource concerns could be addressed through a contract under the program.

A priority resource concern is defined to mean a natural resource concern or problem that is identified at the national, state, or local level as a priority for a particular area, and that represents a significant concern in a state or region that is likely to be addressed successfully through implementing conservation activities. The Committee understands that the process of identifying priority resource concerns should involve consultation, such as with State Technical Committees, at the state and local levels to the maximum extent practicable. The stewardship threshold is the level of management required to conserve and improve the quality and condition of a natural resource. The stewardship threshold for a natural resource is a science-based standard at an advanced level of conservation providing for the long-term continued productivity, use, and quality of the resource.

The reported bill extends the conservation stewardship program for the fiscal years 2013 through 2017 in order to encourage producers to address priority resource concerns and to improve and conserve the quality and condition of natural resources in a comprehensive manner. The program assists producers who accomplish this purpose by undertaking additional conservation activities and by improving, maintaining, and managing conservation activities existing at the beginning of the contract.

Subsection (b) excludes from the program land that is enrolled in the conservation reserve program, in a wetland easement, or in the conservation security program. The provision prevents concurrent enrollment in and receipt of payments through the conservation stewardship program and any of the listed programs. It does not prohibit enrollment in the program if other land in the operation is enrolled in the conservation reserve program or a wetland easement, nor does it prohibit the uninterrupted entry of land into the conservation stewardship program upon expiration of a contract under one of the other programs described in this subsection.

The Secretary shall prioritize for enrollment in the program lands that are expiring from the Conservation Reserve Program in an effort to protect the taxpayer's conservation investment by continuing conservation benefits on those lands and enabling the transition from CRP to a sustainable grass-based or other type of agricultural operation where some of the conservation benefits will continue. The Committee encourages the Secretary to conduct outreach to producers and to facilitate enrollment of such land into the conservation stewardship program in order to maintain and improve conservation values, such as through grass-based production systems. The subsection also updates the provision excluding land recently converted to cropland.

The amended section 1238F pertains to Stewardship contracts. An eligible contract offer must also demonstrate that by the end of the stewardship contract the producer will at a minimum be meeting or exceeding the stewardship threshold for at least one priority resource concern in addition to continuing to meet or exceed the stewardship threshold for the two priority resource concerns that were the basis for the producer's eligibility to submit a contract offer and enroll in the program.

Subsection (b) lists six criteria for ranking contract offers, prohibits giving a higher ranking to a contract offer based on the applicant's willingness to accept a reduced payment, and allows the

development and use of additional criteria to ensure national, state, and local priority resource concerns are addressed effectively. Such additional criteria, should they be developed and used, are not to supersede or be more heavily weighted than the six statutory ranking criteria.

Subsection (c) provides for entering into conservation stewardship program contracts.

Subsection (d) specifies that conservation stewardship contracts shall be for a period of five years, shall require the producer to implement a conservation stewardship plan that describes the program purposes to be achieved through one or more conservation activities, shall permit all economic uses of the eligible land that maintain its agricultural nature and are consistent with the conservation purposes of the contract, shall include a provision to ensure the producer is not considered in violation of the contract for failure to comply with the contract due to circumstances beyond the control of the producer, shall include provisions specifying the remedies available to the Secretary upon violation of a term or condition of the contract, shall include provisions governing a change of interest in land subject to the contract and modification or termination of the contract, and shall include additional provisions the Secretary determines necessary to carry out the program. The Committee expects that the Secretary will allow for appropriate modification of contracts and commensurate adjustment in annual payments to take into account the addition of acreage to an operation by purchase or lease or a reduction in acreage through sale, termination of a lease, or enrollment of land in a land retirement or easement program

Subsection (e) provides that the Secretary may allow a producer to renew the contract for one additional five-year period if the producer demonstrates compliance with the terms of the existing initial contract, agrees to adopt and continue to integrate conservation activities across the producer's entire agricultural operation, and agrees at a minimum to meet or exceed the stewardship threshold as to at least two priority resource concerns in addition to the priority resource concerns that were the basis of meeting the eligibility requirements of the initial contract offer specified in subsection (a).

The revised section 1238G contains the duties of the Secretary in the administration of CSP and increases the number of locally identified priority resource concerns from 3 to 5 to at least 5. It also eliminates the requirement for use of the conservation measurement tool but calls for establishing a science-based stewardship threshold for each priority resource concern.

Subsection (a) provides that the Secretary shall make the conservation stewardship program available for continuous enrollment with one or more ranking periods, one of which occurring in the first quarter of each fiscal year, shall identify not less than five priority resource concerns in a particular watershed or appropriate region or area within a state, and shall establish a science-based stewardship threshold for each priority resource concern that is identified.

Subsection (b) provides criteria for the Secretary to allocate acreage to the states for enrollment in the program.

Subsection (c) provides that during the period October 1, 2012 through September 30, 2021 the Secretary shall, to the maximum extent practicable, enroll in the conservation stewardship program an additional 10,348,000 acres for each fiscal year and manage the program to achieve a national average annual rate of \$18 an acre, including the costs of all financial assistance, technical assistance, and any other expenses associated with enrollment or participation in the program.

Subsection (d) provides that the Secretary shall make annual payments under the program to compensate producers for installing and adopting additional conservation activities and for improving, maintaining, and managing conservation activities in place in the operation of the producer at the time the conservation stewardship contract offer is accepted. The subsection specifies factors the Secretary shall use to determine the amount of the conservation stewardship annual payment, practices and activities that are excluded from payments, and proration and timing of payments.

Subsection (e) provides for the continuation of the availability, requirements, and eligibility with respect to supplemental payments for resource-conserving crop rotations.

Subsection (f) provides that a person or legal entity may not directly or indirectly receive payments under the conservation stewardship program that in the aggregate exceed \$200,000 under all contracts entered into during fiscal years 2013 through 2017, excluding arrangements with Indian tribes.

Subsection (g) continues the requirement for outreach activities and appropriate technical assistance to specialty crop and organic producers and for ensuring they are able to participate effectively in the program.

Subsection (h) continues the requirement for establishing a transparent means for producers to initiate certification under the Organic Foods Production Act of 1990 while participating in the conservation stewardship program.

Subsection (i) provides for the issuance of regulations by the Secretary to carry out the conservation stewardship program and to ensure a fair and reasonable application and enforcement of the payment limitations in subsection (f).

Finally, subsection (c) of section 2101 provides that the amendment made by this section to subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) shall not affect the validity or terms of any contract, or any payments required to be made in connection with the contract, entered by the Secretary under such subchapter before October 1, 2012 and provides for the use of funds made available under section 1241(a)(4) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(4) (as amended by section 2601(a)) to administer and make payments to participants enrolled in conservation stewardship contracts during any of fiscal years 2009 through 2012.

SUBTITLE C—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

Section 2201. Purposes

Section 2201 adds “develop and improve wildlife habitat” as a purpose for assisting producers to install and maintain conservation practices.

Section 2202. Definitions

Section 2202 removes the definition for the National Organic Program and incorporates the reference to the program in the organic system plan definition.

Section 2203. Establishment and administration

Section 2203 extends the program authorization through 2017. It allows limited resource, socially disadvantaged, beginning, and veteran farmers or ranchers to obtain advance payments and up to 90 days to implement practices from the date of the advance. It continues the allocation of funding practices related to livestock production as at least 60 percent of the funds.

It also establishes at least five percent of the funds will be targeted to practices benefitting wildlife habitat, and establishes wildlife habitat incentive practices as conservation practices that support restoration, development, and improvement of wildlife habitat for upland wildlife, wetland wildlife, threatened and endangered species, fish habitat, pivot corners and irregular fields, and other types.

The Committee intends that the revisions to Section 1240B(3)(f)(2) of the statute made by this section regarding funding of wildlife habitat practices should prioritize fish and wildlife species identified in state, regional, or national wildlife plans and initiatives.

Management practices for which the Secretary may accord special significance in determining payment amounts are revised to reflect better the natural resource objectives of program participants, including soil health, water quality and quantity improvement, nutrient management, pest management, wildlife habitat development, and invasive species management. The Committee intends to continue the ability of the Secretary to enter into contracts for long-term grassland rotation, conversion to less water-intensive crops or dryland farming, or irrigation reduction, as well as other water conservation measures. The Committee expects that the EQIP program will continue to emphasize and allocate considerable funding to the critical issue of surface and groundwater conservation, including groundwater conservation in multistate areas overlying an aquifer with significant agricultural use.

The Committee intends that conservation programs should recognize the use of innovative technology, such as enhanced efficiency fertilizers (e.g., slow and controlled-release fertilizers, stabilized nitrogen fertilizers). This innovative technology can help producers to protect water quality and reduce greenhouse emissions, and are recognized by State regulators of fertilizers. In the case of EQIP applications involving manure-to-energy projects, the Committee encourages the Secretary to consider whether the projects include an integrative approach to addressing nutrient management and water quality issues.

Section 2204. Evaluation of applications

Section 2204 makes minor wording changes to the underlying law to emphasize the conservation purpose of the program.

Section 2205. Duties of producers

Section 2205 makes minor wording changes to the underlying statute to clarify duties of producers relate only to enrolled lands.

Section 2206. Limitation on payments

Section 2206 amends current law to replace the 6-year rolling payment limit with a firm time period of 2013 through 2017 that will streamline and simplify program administration. This revision aligns the payment limitation with the time period to be covered by this bill.

Section 2207. Conservation innovation grants and payments

Section 2207 includes a reporting requirement for the Secretary to increase transparency of how funds are used and the derived benefits. The Committee acknowledges the emphasis and successes of EQIP in assisting producers to address Federal, state, and local air quality regulatory requirements and expects the Secretary to continue the existing commitment to air quality under the program.

Section 2208. Effective date

Section 2208 establishes October 1, 2012, as the effective date for this section and clarifies that this amendment will not affect contracts entered into before October 1, 2012.

SUBTITLE D—AGRICULTURAL CONSERVATION EASEMENT PROGRAM

Section 2301. Agricultural Conservation Easement Program

Section 2301 establishes a new Subtitle H within the Food Security Act of 1985, as amended, that combines the easement authorities of the Wetlands Reserve Program (WRP), Grasslands Reserve Program (GRP), and Farmland Protection Program (FPP) into an agricultural conservation easement program.

Section 1265A defines common terms for the program, including the two easement types (agricultural land easements and wetland easements), eligible entities, and eligible lands. The Committee includes non-industrial private forest land in the eligible land definition for ALE. It is the Committee's intent that non-industrial private forest land used for farming or agriculture as defined by State law shall be treated as cropland for the purposes of the program. For example, where the cultivation of maple trees, collection of maple sap, and the production of maple syrup are defined as farming or agriculture in State law, the Secretary shall treat such land as cropland for the program.

Section 1265B describes agricultural land easements (ALE), which are acquired and held by eligible entities with cost-share assistance from the Secretary. Three valuation options are established for determining the fair market value of an easement, consistent with the methods used under the consolidated programs. The terms of easements are permanent, or the maximum allowed by state law.

The language clarifies that the Secretary may provide up to 50 percent of the appraised fair market value of an agricultural land easement and that eligible entities may include a landowner donation as part of their match. The Committee recognizes the cost in-

curred by eligible entities in completing transactions and the reported bill continues to allow for landowner donations as part of the non-federal match requirement. It also provides a waiver authority for the Secretary to provide up to 75 percent of the appraised fair market value of an easement placed on grasslands of special environmental significance. The consolidation of easement programs eliminated the Grasslands Reserve Program provisions that permitted the Secretary to acquire and hold grassland easements or acquire and transfer easements to eligible entities at no cost to the entity. The Committee recognizes the need to protect important grasslands and permits the Secretary in special circumstances to provide up to 75 percent of the fair market value of the easement. The increased cost share available for specific grasslands easements is intended to help in the transition to the new program format, and reflects the Committee's commitment to the nation's grasslands.

The entity certification process from FPP is retained and the opportunity for non-certified entities to participate. The Committee expects the term 'agricultural viability' in the ALE purpose to clarify that eligible entities may include in their terms and conditions for conservation easements a right to purchase at the property's agricultural use value, if the seller agrees to accept such terms and conditions.

Pursuant to section 1265B, the Secretary shall emphasize the protection of agriculture-producing areas when developing criteria for the evaluation of applications for ALE. The Committee intends that eligible entities should seek to maximize the protection of eligible land in viable agricultural areas where applicable. The Committee does not intend that easement parcels must abut each other, but that to the extent possible they should be contiguous with other lands in agricultural uses, irrespective of whether or not those lands are under an easement. The Secretary should consider regional variation in agricultural land use patterns when establishing evaluation criteria. Additionally, the Secretary shall emphasize acquisition of easements to protect the agricultural use and conservation values of the agricultural lands, including retention of native grasslands and rangelands that are at high risk for conversion to uses other than grazing or related activities.

The Committee expects that eligible entities will be responsible for enforcement of the easement terms and conditions. The right of enforcement for the Secretary that is required under section 1265B is included in the event that the eligible entity is dissolved or otherwise fails to carry out its responsibility in which case USDA will enforce the easement terms and conditions. The Committee does not intend for the Secretary to be directly in the chain of title.

Section 1265C describes wetland easements. The reported bill provides 30 year, permanent, and maximum duration by state law easement enrollment options, and 30 year contract enrollment option for Indian Tribes. It also establishes a land ownership requirement of 24 months prior to enrollment, which is reduced from the 7-year requirement in current law. It retains WRP ranking criteria and priority for migratory and other wildlife habitat and WRP easement terms and conditions (permitted and prohibited activities) and compatible uses. It revises the WRP grazing rights pilot such that it is a permanent provision, and includes a wetlands en-

hancement option for States, which is the same as the wetlands reserve enhancement in WRP.

In carrying out the provisions in section 1265C, the Secretary shall encourage the use of wildlife plans and wetland protection plans to assist in making priority determinations for easement acquisitions to protect and enhance habitat for migratory birds and other wildlife. The Committee intends that priority determinations will guide easement acquisition to achieve the greatest benefits for the federal funds invested. This includes considering a priority for easements that are permanent in duration.

To ensure wetland functions and values are developed, the Committee expects that the Secretary may permit the use of berms, water control structures, pumps and other acceptable wetland management and enhancement techniques, as appropriate. The Committee expects the Secretary to encourage the wetland plan developed under this section, with input from the landowner, to achieve: (1) restoration of wetlands that were formerly on site or in the immediate region, to the extent practicable; (2) wetland restoration needs and priorities identified in a state or regional restoration plan; or (3) restoration of other appropriate wetland types and configurations, as determined by the Secretary. The easement restoration plan should include the priorities identified in the section for protecting and enhancing habitat for migratory birds and other wildlife.

Section 1265D contains administration provisions common to both easement types. It describes certain ineligible land and provides clarification and criteria for easement subordination, exchange, modification, and termination determinations (new for agricultural land easements and subordination added for WRP). In evaluating applications, the Secretary may allow an enrollment priority for acres expiring from CRP, where continuing environmental benefits would be achieved through enrollment in the program. It establishes October 1, 2012, as the effective date for this section.

The Committee expects that the funding allocations made available under section 1265D(e) shall be managed at the national level, affording flexibility at the State level for prioritizing easement needs: agricultural land easements or wetland easements, as appropriate. The Committee expects that the Secretary will annually target no less than 40 percent of funds for agricultural land easements.

SUBTITLE E—REGIONAL CONSERVATION PARTNERSHIP PROGRAM

Section 2401. Regional Conservation Partnership Program

Section 2401 combines the authorities of the agricultural water enhancement program (AWEP), Chesapeake Bay watershed program, cooperative conservation partnership initiative (CCPI), and Great Lakes basin program for soil erosion and sediment control into a regional conservation partnership program (RCPP).

Section 1271 specifies that the program will work through partnership agreements and contracts directly with participating producers. Program purposes include furthering conservation efforts at regional or watershed scales, and encouraging partners to work with producers to meet or eliminate the need for regulatory requirements related to agriculture and implement projects that ben-

efit multiple producers on a local, regional, state or multistate basis.

Section 1271A identifies EQIP, CSP, and ACEP as the covered programs through which RCPP is delivered. It defines eligible activities that address water resource concerns (flooding, drought, retention, quality, conversion to dryland farming, sedimentation reduction), erosion, and wildlife, with a flexibility for the Secretary to identify other activities. It defines eligible partners to include producer associations or cooperatives, States or units of local government, Indian tribes, institutions of higher education, and organizations with a history of working with producers on agricultural land (all partners previously eligible for AWEP and CCPI). The Committee expects that the Secretary will work cooperatively with eligible partners that have a history of working with farmers and ranchers. The Secretary should give strong consideration to partnerships that seek to restore and enhance water quantity in the nation's large river systems and aquifers; addressing areas where there is low annual precipitation or high variability in annual precipitation and multiple demands on limited water resources.

Section 1271B establishes partnership agreement authority for the Secretary. It clarifies that the duties of the partners include defining the scope of the project, identifying the program resources needed, conducting producer outreach and education, leveraging resources, and reporting to the Secretary on the results of the project. It also clarifies that proposal selection is competitive and merit-based. The Committee also expects the Secretary to include the type of projects that are innovative in nature, public-private market instruments that assist the producers in meeting or avoiding the need for a natural resource regulatory requirement, such as water quality trading markets.

The Committee recognizes the importance of water resource management at the watershed scale, especially interconnected bodies of water, and the need for fully integrating the effort across regions and programs. Accordingly, the Committee has included outreach and education in the duties of partners (section 1271B(c)(1)(B)) and strongly recommends USDA look across titles to combine resources, program authorities and priorities strategically in addressing these large-scale, conservation challenges. The Committee recommends that USDA coordinate available authorities to provide grants and funding to universities working in collaboration with producers and conservation partners, especially for the critical conservation areas designated pursuant to section 1271F. The effort should include research into conservation solutions, combined with education and outreach programs to producers, communities, partners and other stakeholders. The Committee encourages approaches that include analysis of the programs, tools and solutions put into practice so they can be evaluated for overall effectiveness and help inform future policy decisions.

Section 1271C describes that contracts with producers must be consistent with the rules of the covered programs, but allows the Secretary to make limited adjustments in discretionary program requirements, at the request of the partner. It provides authority for the Secretary to enter into alternative funding arrangements with up to 10 multi-state water resource agencies or authorities if they

can ensure programmatic integrity and comply with rigorous reporting and audit requirements to the Secretary. It clarifies that payments are made consistent with the covered programs. It allows for payments for a period of 5 years for conversion to less water-intensive crops, or from irrigated to dryland farming or long-term grassland rotation. The Committee encourages the Secretary to continue to provide funding for individual agricultural producers to promote groundwater conservation, as appropriate for their operations, including adoption of water conserving crops and production practices, conversion to dryland farming, or diversification of operations to include long-term grassland rotation. The Committee also encourages the Secretary to consult with State agencies and coordinate federal assistance with state programs.

Section 1271D authorizes the program from 2013 through 2017 and makes available \$100,000,000 per year in mandatory funding. It provides additional funding and acres at 6 percent from each of the covered programs (EQIP, CSP, and ACEP). It allocates funding as 50 percent to national competition, 25 percent to State level competition, and 25 percent for critical conservation areas. In allocating the funds in this way, the Committee intends for the program to address partnership projects and resource concerns at local, state, multistate and regional levels.

Section 1271E requires the Secretary to report biennially to Congress on the status of projects under the program. The reporting requirement includes specific oversight reporting on any selected alternative funding arrangements to ensure adequate scrutiny on the use of funds through these arrangements.

Section 1271F authorizes the Secretary to designate up to 8 critical conservation areas with priority for multistate areas with significant agricultural production, areas covered by an existing plan with established goals and objectives (the managers encourage USDA to look to include areas where they have an existing initiative in place), areas with large bodies of water with water quality concerns, areas with water quantity concerns (flood prevention, water retention, water supply (including multistate areas with substantial groundwater withdrawals for agricultural use and high historic levels of groundwater depletion.)), or areas that may be subject to regulatory requirements that could reduce the economic scope of agriculture in the area. These designations do not require the presence of a partner or partnership agreement, although it is the Committee's expectation that these areas will garner significant interest by local, state, and regional entities. Once designated, producers within critical conservation areas may begin to apply for program assistance independent of a partner or in connection with a partnership agreement if one exists.

Subsection (b) of section 2401 establishes October 1, 2012, as the effective date for this section.

SUBTITLE F—OTHER CONSERVATION PROGRAMS

Section 2501. Conservation of private grazing land

Section 2510 reauthorizes funding at a reduced level of \$30,000,000 in appropriations for each fiscal year from 2013 through 2017.

Section 2502. Grassroots source water protection program

Section 2502 reauthorizes funding at a reduced level of \$15,000,000 in appropriations for each fiscal year from 2013 through 2017.

Section 2503. Voluntary public access and habitat incentive program

Section 2503 authorizes mandatory funding at \$40,000,000 for FY 2013 through 2017, and requires the Secretary to report on the effectiveness of the program.

Section 2504. Agriculture conservation experienced services program

Section 2504 adds ACEP to the programs that can be used under the agriculture conservation experienced services program.

Section 2505. Small watershed rehabilitation program

Section 2505 reauthorizes program and authorizes appropriations at \$85,000,000 each year through FY 2017.

Section 2506. Terminal lakes assistance program

Section 2506 reauthorizes and amends the Desert Terminal Lakes program to include an appropriations authorization for land purchase grant opportunities. It authorizes mandatory funding at \$150,000,000 for FY 2013 through 2017 and authorizes appropriations of \$25 million. It is the Committee's intent that the Secretary of the Interior, acting through the Commissioner of Reclamation, use as guidance for implementing subsection (d) Water Assistance, the authorities in the following provisions of Public Law: section 207 of Public Law 108–7, section 208 of Public Law 109–103, sections 206 and 208 of Public Law 111–85, and subsection 208(b) of Public Law 112–74.

SUBTITLE G—FUNDING AND ADMINISTRATION

Section 2601. Funding

Section 2601 authorizes Commodity Credit Corporation funding for programs under this title through FY2017. It authorizes conservation reserve program transition incentive payments at \$50,000,000 and tree thinning activities at \$10,000,000. It authorizes the Agriculture Conservation Easement Program at: \$450,000,000 for FY2013, \$475,000,000 for FY2014, \$500,000,000 for FY2015, \$525,000,000 for FY2016, and \$250,000,000 for FY2017. It authorizes the conservation security program, the conservation stewardship program, and the environmental quality incentives program at: \$1,500,000,000 for FY2013; \$1,600,000,000 for FY2014; and \$1,650,000,000 for FY2015 through FY2017.

Section 2602. Technical assistance

Section 2602 adds a requirement for the Secretary to report annually to the Committees on the amount of funds requested and apportioned for technical assistance. The Committee intends for the Secretary to encourage any qualified third-party provider who meets the certification requirements of section 1242(e) and who has experience working with individuals who do not accept government

assistance due to religious tenets, to enroll as a technical service provider.

Section 2603. Regional equity

Section 2603 strikes the \$15,000,000 target for regional equity allocations and replaces it with 0.6 percent in order to allow allocations to synchronize with annual program appropriations.

Section 2604. Reservation of funds to provide assistance to certain farmers or ranchers for conservation access

Section 2604 extends the EQIP and CSP 5 percent set aside for beginning and socially disadvantaged farmers and ranchers to 2017 and adds priority for eligible producers who are also veterans.

Section 2605. Annual report on program enrollments and assistance

Section 2605 aligns the Secretary's reporting requirements on program enrollments and assistance to reflect the consolidation and related program adjustments made by this amendment.

Section 2606. Administrative requirements applicable to all conservation programs

Section 2606 combines language on improved administrative efficiency and streamlining from individual programs and places it here to apply to all conservation programs. It expands and clarifies requirements for developing a streamlined conservation application process. It clarifies that any payment received under this title is in addition to and does not affect total payments that an owner or operator is otherwise eligible to receive. The Committee encourages the Secretary to significantly increase the use of computer-based conservation practice planning tools that incorporate Light Detection and Ranging (LiDAR) elevation data to modernize and simplify conservation planning, improve efficiency of technical assistance, and improve service to private landowners.

The Committee expects the Secretary to promptly establish and maintain a user-friendly, publicly available website to provide information on Federal, State, local and private resources available to those interested in implementing conservation practices which provides: (1) user-friendly access for agricultural producers, owners of nonindustrial private forest land, Federal, State, and local governments, academic and nongovernmental organizations, industry associations, and other interested parties to industry-specific regulatory compliance and conservation program information that the Secretary considers potentially useful to agricultural producers and owners of nonindustrial private forest land located in critical conservation areas; and (2) detailed examples of successful conservation projects. The Committee further expects the Secretary to enhance and update the website as necessary.

Section 2607. Rulemaking authority

Section 2607 directs the Secretary to move expeditiously with rulemaking and provides for operation of programs under interim rules.

Section 2608. Standards for State technical committees

Section 2608 modifies language to require the Secretary to review and update state technical committee operating standards only as necessary.

SUBTITLE H—REPEAL OF SUPERSEDED PROGRAM AUTHORITIES AND
TRANSITIONAL PROVISIONS

Section 2701. Comprehensive conservation enhancement program

Section 2701 repeals the comprehensive conservation enhancement program.

Section 2702. Emergency forestry conservation reserve program

Section 2702 removes this provision for enrolling lands in response to the hurricanes of calendar year 2005 and provides for enrolled contracts to continue until their expiration date because it is no longer applicable.

Section 2703. Wetlands reserve program

Section 2703 repeals the wetlands reserve program.

Section 2704. Farmland protection program and farm viability program

Section 2704 repeals the farmland protection program.

Section 2705. Grassland reserve program

Section 2705 repeals the grassland reserve program.

Section 2706. Agricultural water enhancement program

Section 2706 repeals the agricultural water enhancement program.

Section 2707. Wildlife habitat incentive program

Section 2707 repeals the wildlife habitat incentive program.

Section 2708. Great Lakes basin program

Section 2708 repeals the Great Lakes basin program for soil erosion and sediment control. The Committee recognizes that the Great Lakes Basin Program has been an important and successful program for 22 years that has implemented over 400 projects that have reduced soil erosion and improved water quality in Great Lakes watersheds. Since 2008, the program has supported implementation of both the Great Lakes Regional Collaboration (GLRC) and the Great Lakes Restoration Initiative (GLRI) by directing resources to priority watersheds. The Committee intends the program to continue serving this purpose for the duration of the GLRI.

Section 2709. Chesapeake Bay watershed program

Section 2709 repeals the Chesapeake Bay watershed. The Committee recognizes that the Chesapeake Bay Watershed Program established in 2008 complemented other conservation programs by enhancing their reach and effectiveness within the tributary watersheds. Since 2008, the program has supported farm level implementation of conservation practices benefiting water quality by improving nutrient management, reducing sedimentation, and restor-

ing riparian areas. With the consolidation of the Chesapeake Bay watershed program into the regional conservation partnership program (RCPP), the Committee intends the RCPP to continue assistance to agricultural producers consistent with the purposes of the Chesapeake Bay Watershed Program.

Section 2710. Cooperative conservation partnership initiative

Section 2710 repeals the cooperative conservation partnership initiative.

Section 2711. Environmental easement program

Section 2711 repeals the environmental easement program.

TITLE III—TRADE

SUBTITLE A—FOOD FOR PEACE ACT

Section 3001. Support for eligible organizations

Section 3001 raises the amount of funds available to organizations to facilitate the delivery of food aid to 15 percent of the total appropriation.

Section 3002. Food aid quality

Section 3002 expands the Administrator's ability to develop nutritious food aid products.

Section 3003. Minimum levels of assistance

Section 3003 reauthorizes program authority through 2017.

Section 3004. Reauthorization of Food Aid Consultative Group

Section 3004 reauthorizes program authority through 2017.

Section 3005. Monitoring and evaluation

Section 3005 removes authority to spend money on upgrading IT systems, deletes section on a completed GAO report, and reauthorizes program authority through 2017.

Section 3006. Food aid delivery

Section 3006 reauthorizes program authority through 2017.

Section 3007. Monetization

Section 3007 sets a 70 percent cost recovery rate when monetizing commodities. If the rate of return is below that threshold, the Administrator must report the reasons to Congress.

Section 3008. Flexibility

Section 3008 adds flexibility for the Administrator to facilitate food aid distribution.

Section 3009. Prepositioning

Section 3009 increases funds available for getting food aid to strategic positions in case of emergency.

Section 3010. Deadline for agreements to finance sales or to provide other assistance

Section 3010 reauthorizes program authority through 2017.

Section 3011. Safebox

Section 3011 provides for the Administrator to spend between 15 percent and 30 percent of the total appropriation on non-emergency projects.

Section 3012. Coordination of foreign assistance programs report

Section 3012 strikes language for a completed report.

Section 3013. Micronutrient fortification programs

Section 3013 deletes reference to an obsolete study.

Section 3014. John Ogonowski and Doug Bereuter farmer-to-farmer program

Section 3014 changes the alternative minimum on the program to 0.6 percent of the total appropriation.

SUBTITLE B—AGRICULTURAL TRADE ACT OF 1978

Section 3101. Export credit guarantee program

Section 3101 reauthorizes program authority through 2017 and allows for up to \$4,500,000,000 in credit guarantees.

Section 3102. Market access program

Section 3102 reauthorizes program authority through 2017.

Section 3103. Foreign Market Development Cooperator Program

Section 3103 reauthorizes program authority through 2017.

SUBTITLE C—OTHER AGRICULTURAL TRADE LAWS

Section 3201. Food for Progress Act of 1985

Section 3201 deletes reference to a completed project in Malawi and adds flexibility for the Administrator to facilitate food aid distribution. It sets a 70 percent cost recovery rate when monetizing commodities, and provides that when the rate of return is below that threshold, the Administrator must report to Congress.

Section 3202. Bill Emerson Humanitarian Trust

Section 3202 reauthorizes program authority through 2017.

Section 3203. Promotion of agricultural exports to emerging markets

Section 3203 reauthorizes program authority through 2017.

Section 3204. McGovern-Dole

Section 3204 reauthorizes program authority through 2017.

Section 3205. Technical assistance for specialty crops

Section 3205 reauthorizes program authority through 2017.

Section 3206. Global crop diversity trust

Section 3206 reauthorizes program authority through 2017.

Section 3207. Local and regional procurement projects

Section 3207 continues the authority for USDA to conduct local and regional procurement projects. It gives preference to organiza-

tions with projects under the McGovern-Dole program to promote graduation from that program and requires the Secretary to submit a report to Congress on the impact of these projects.

Section 3208. Donald Payne Horn of Africa food resilience program

Section 3208 provides grants for projects that are working on the ground in the Horn of Africa to build resilience to food crises and prevent future outbreaks. It requires a study of the projects implemented through government agencies and how they can better work together to improve outcomes.

Section 3209. Agricultural trade enhancement study

Section 3209 requests that the Secretary study a reorganization of the international trade functions (imports and exports) at USDA including the establishment of an Under Secretary for Trade and Foreign Agricultural Affairs.

TITLE IV—NUTRITION

SUBTITLE A—SUPPLEMENTAL NUTRITION PROGRAM

Section 4001. Food distribution on indian reservations

Section 4001 reauthorizes the Food Distribution Program on Indian Reservations.

Section 4002. Standard utility allowances based on the receipt of energy assistance payments

Section 4002 amends current law in order to preclude States from annually issuing nominal LIHEAP benefits to qualify otherwise ineligible households for Standard Utility Allowances, which result in increased monthly SNAP benefits. Only annual LIHEAP benefits of \$10 or more will qualify a household without out-of-pocket utility expenses to receive a Standard Utility Allowance deduction for calculating monthly SNAP food benefits. The Committee intends that the Secretary utilize this authority only to further the intent of the connection between SNAP and LIHEAP as outlined in this report.

Section 4003. Eligibility disqualifications

Section 4003 limits SNAP eligibility for college students to students participating in technical and vocational education programs, such as 2-year colleges, remedial course work, basic adult literacy, and English as a Second Language instruction.

Section 4004. Ending Supplemental Nutrition Assistance Program benefits for gambling winners

Section 4004 makes households ineligible to receive SNAP food benefits if one of the household members receives substantial lottery or gambling winnings. The household remains ineligible for SNAP until income eligibility requirements are met. It requires States to coordinate with State lottery and gambling authorities to identify individuals participating in SNAP who receive substantial winnings.

In May 2011, news reports indicated that a man who had recently received lotto winnings totaling \$1 million was continuing to receive SNAP benefits. The Committee acknowledges that this is a

rare, but also egregious, violation of the intent for the program. The Committee seeks to provide the Secretary clear direction to assist states in improving oversight of major gambling activities that result in large winnings, and help states to improve coordination between entities responsible for gambling and SNAP administrative offices. The Committee does not intend to increase the administrative burden on states by instituting extensive oversight of private or charitable gaming activities, such as those that occur at senior centers, churches, private homes or other non-commercial gaming. Further, it is not the intent of the Committee that the Secretary be required to impose statutory requirements that may otherwise be waived under State option in this Act. The Committee encourages the Secretary to evaluate the criteria for substantial winnings in a manner that does not produce an outcome that increases poverty.

Section 4005. Retailers

Section 4005 requires participating retailers to stock at least 3 of the 4 staple food categories: dairy products; meat poultry or fish; fruits or vegetables; and bread or cereals. Previously, a qualified SNAP retailer had to carry 2 of the 4 staple food categories. It bans retailers from participating in SNAP if sales attributable to liquor and tobacco exceed 45 percent of total sales. It requires SNAP retailers to pay 100 percent of the cost of electronic benefit transfer machines, with an exemption for farmers' markets, military commissaries, nonprofit food buying cooperatives or other entities determined by the Secretary. It restricts States from issuing manual vouchers for SNAP unless the Secretary deems it necessary for emergency purposes. It requires all parties providing EBT machines to provide unique identification numbers to enable the Secretary to access precise data for addressing retailer trafficking. The Committee notes that the changes in this section should not be interpreted as support for any action that would result in interchange fees being imposed on SNAP transactions. The Committee acknowledges that many small businesses and direct-to-consumer retailers continue to face challenges related to the cost of utilizing EBT and advanced technologies. The Committee encourages the Secretary to take steps to minimize the impact of these provisions on those retailers.

Section 4006. Improving Security of Food Assistance

Section 4006 requires households with excessive replacement card requests to provide State agencies with an explanation for the lost cards. It allows State agencies to decline issuance of replacement cards until the household provides an explanation. It requires States to protect the interests of homeless, disabled, victims of crimes, and other vulnerable citizens. The Committee intends for this provision to require that a state agency be allowed to withhold an EBT card only until such time as an explanation is provided by the SNAP recipient. Any additional actions, including denial of benefits, should follow due process as described in the underlying statute.

Section 4007. Technology modernization for retailers

Section 4007 authorizes demonstration projects for authorized retailers to accept SNAP benefits through mobile electronic devices other than stationary EBT machines, and to accept SNAP benefits through on-line transactions. It requires retailers and States to protect consumer information privacy, ensure the price of food is not higher when using mobile technologies, and pay costs associated with implementing mobile technologies. It requires States to test mobile technologies before approving use in all SNAP retailers, and requires the Secretary to issue a report to Congress. It prohibits SNAP benefits for the payment of any food delivery fees and any purchase online other than eligible food.

Section 4008. Use of benefits for purchase of community-supported agriculture share

Section 4008 allows SNAP benefits for the purchase of CSA shares. The initial cost of the share may be paid at an appropriate amount of time in advance of food delivery. The Committee does not intend to require the Secretary to make any adjustments to benefits allocations in order to accommodate the purchase of CSA shares under this section.

Section 4009. Restaurant meals program

Section 4009 ensures the integrity of the SNAP restaurant meals program by providing the Secretary with additional authority over State restaurant meal program options and retailer eligibility requirements.

Section 4010. Quality control error rate determination

Section 4010 establishes the State threshold level for reporting SNAP errors at \$25 or greater.

Section 4011. Authorization of appropriations

Section 4011 reauthorizes appropriations for the administration of SNAP through fiscal year 2017.

Section 4012. Assistance for community food projects

Section 4012 provides grants to eligible nonprofit organizations to improve community access to food. It eliminates grant eligibility for infrastructure improvement and development. It increases funding by \$5 million per year starting in fiscal year 2013; raising the total annual funding to \$10 million per year.

Section 4013. Emergency food assistance

Section 4013 requires funding for the Emergency Food Assistance Program to be available for 2 years. It increases existing funding indexed to inflation by \$150 million over 10 years. It front-loads the funding increase by \$28 million in FY2013, \$24 million in FY2014, \$20 million in FY2015, \$18 million in FY2016, and by adding \$10 in FY2017 and every following fiscal year. The Committee encourages the Secretary to utilize existing authority to make additional purchases for use at food banks in times of high need when funds are available within the existing budget to accommodate additional commodity purchasing.

Section 4014. Nutrition education

Section 4104 allows “physical activity” as an eligible use of SNAP Nutrition Education funding.

Section 4015. Retailer and recipient trafficking

Section 4105 provides the Secretary \$18.5 million per year in additional funding to prevent SNAP food benefit trafficking. The additional funding in this section is intended to supplement trafficking interventions, which may include data mining, activities in partnership with state agencies involved in the investigation of both recipients and retail food stores and any other actions necessary to investigate program abuses.

Section 4016. Technical and conforming amendments

SUBTITLE B—COMMODITY DISTRIBUTION PROGRAMS

Section 4101. Commodity distribution program

Section 4101 reauthorizes the Commodity Distribution Program.

Section 4102. Commodity supplemental food program

Section 4102 revises the Commodity Supplemental Food Program (CSFP) to serve senior citizens, and phases-out eligibility for women, infants, and children. The Committee intends for the women, infants and children participating in CSFP to instead participate in the Women, Infants, and Children (WIC) program because WIC is better suited to meet participants’ needs.

Section 4103. Distribution of surplus commodities to special nutrition projects

Section 4103 reauthorizes the Secretary’s authority to participate in reprocessing agreements with private companies to stretch the value and amount of surplus commodity foods available for nutrition programs.

Section 4104. Technical and conforming amendments

SUBTITLE C—MISCELLANEOUS

Section 4201. Purchase of fresh fruits and vegetables for distribution to schools and service institutions

Section 4201 reauthorizes the Department of Defense Fresh Program.

Section 4202. Senior Farmers’ Market Nutrition Program

Section 4202 reauthorizes the Senior Farmers’ Market Nutrition Program.

Section 4203. Nutrition information awareness pilot program

Section 4203 repeals the nutrition information awareness pilot program.

Section 4204. Whole grains products

Section 4204 renews funding for the whole grain products program at \$10 million for 2 years.

Section 4205. Hunger-free communities

Section 4205 establishes hunger-free communities incentive grants to incentivize purchases of fruits and vegetables by SNAP participants in underserved communities. It limits the Federal cost share of grants to 50 percent, and provides \$100 million over 5 years in mandatory funding: \$15 million for FY2013; \$20 million for FY2014–2016; and \$25 million for FY2017. Additionally, \$5 million per year is authorized for appropriations. The Committee encourages the Secretary to award grants to projects that maximize the impact of incentives on both SNAP recipients and local agricultural producers.

Section 4206. Healthy food financing initiative

Section 4206 provides an authorization of funding for community development financial institutions to create revolving loan programs for fresh, healthy food retailers to overcome high costs of entry into underserved areas. It authorizes \$125 million to remain available until expended.

Section 4207. Purchase of commodities by the commodity credit corporation

Section 4207 clarifies the Secretary’s authority for considering the needs of emergency feeding organizations when making Section 32 commodity food purchases.

TITLE V—CREDIT

Section 5001. Farm loans, servicing and other assistance under the Consolidated Farm and Rural Development Act.

Titles V and VI of this bill restructure the Consolidated Farm and Rural Development Act. While most of current law is maintained, the reorganization required considerable movement and re-statement of the program provisions. Provisions of the renumbered sections that relate to farm credit are described in detail below.

SUBTITLE A—FARM LOANS, SERVICING, AND OTHER ASSISTANCE

Section 3101. Farm ownership loans

Section 3101 permits farm ownership loans for “joint operation, or other such legal entities as the Secretary determines to be appropriate” to expand access to farm loans in response to modern legal entities created for estate succession planning. It allows the Secretary to define additional qualifying agriculture experience to make it easier for applicants to meet the 3-year farming or ranching experience requirement.

Section 3102. Purposes of loans

Section 3102 continues current law.

Section 3103. Conservation loan and loan guarantee program

Section 3103 reauthorizes the program through 2017.

Section 3104. Loan maximums

Section 3104 continues current law.

Section 3105. Repayment requirements for farm ownership loans

Section 3105 continues current law.

Section 3106. Limited-resource loans

Section 3106 continues current law.

Section 3107. Down payment loan program

Section 3107 reauthorizes the program through 2017, and increases the maximum loan value in the program to 45 percent of \$667,000.

Section 3201. Operating loans

Section 3201 permits operating loans for “other such legal entity as the Secretary determines to be appropriate to expand access to farm loans in response to modern legal entities created for estate succession planning. It extends the 7-year term limits for direct operating loans by allowing one additional year for every three consecutive years a borrower does not receive a direct operating loan. It eliminates the 15-year term limits for guaranteed operating loans.

Section 3202. Purposes of loans

Section 3202 continues current law.

Section 3203. Restrictions on loans

Section 3203 continues current law.

Section 3204. Terms of loans

Section 3204 continues current law.

Section 3301. Emergency loans

Section 3301 continues current law.

Section 3302. Purposes of loans

Section 3302 continues current law.

Section 3303. Terms of loans

Section 3303 continues current law.

Section 3304. Production losses

Section 3304 continues current law.

Section 3401. Agricultural credit insurance

Section 3401 continues current law.

Section 3402. Guaranteed farmer loans

Section 3402 continues current law.

Section 3403. Provision of information to borrowers

Section 3403 continues current law.

Section 3404. Notice of loan service programs

Section 3404 continues current law.

Section 3405. Planting and production history guidelines

Section 3405 continues current law.

Section 3406. Special conditions and limitations on loans

Section 3406 continues current law.

Section 3407. Graduation of borrowers

Section 3407 continues current law.

Section 3408. Debt adjustment and credit counseling

Section 3408 continues current law.

Section 3409. Security servicing

Section 3409 continues current law.

Section 3410. Contracts on loan security properties

Section 3410 continues current law.

Section 3411. Debt restructuring and loan servicing

Section 3411 continues current law.

Section 3412. Relief for mobilized military reservists from certain agricultural loan obligations

Section 3412 continues current law.

Section 3413. Interest rate reduction program

Section 3413 continues current law.

Section 3414. Homestead property

Section 3414 continues current law.

Section 3415. Transfer on inventory land

Section 3415 continues current law.

Section 3416. Target participation rates

Section 3416 continues current law.

Section 3417. Compromise or adjustment of debts of claims by guaranteed lender

Section 3417 continues current law.

Section 3418. Waiver of mediation rights by borrowers

Section 3418 continues current law.

Section 3419. Borrower training

Section 3419 continues current law.

Section 3420. Loan assessments

Section 3420 continues current law.

Section 3421. Supervised credit

Section 3421 continues current law.

Section 3422. Market placement

Section 3422 continues current law.

Section 3423. Recordkeeping of loans by gender of borrower

Section 3423 continues current law.

Section 3424. Crop insurance requirement

Section 3424 continues current law.

Section 3425. Loan and loan servicing limitations

Section 3425 continues current law.

Section 3426. Short form certification of farm program borrower compliance

Section 3426 continues current law.

Section 3427. Underwriting forms and standards

Section 3427 continues current law.

Section 3428. Beginning farmer individual development accounts pilot program.

Section 3428 reauthorizes the program through 2017.

Section 3429. Farmer loan pilot projects

Section 3429 allows the Secretary to conduct targeted pilot projects within the Farm Loan programs after soliciting input from the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 3430. Authorization of appropriations and allocation of funds

Section 3430 reauthorizes direct ownership and operating loan levels through 2017.

Section 5101. State agricultural mediation programs

Section 5101 reauthorizes the program through 2017.

Section 5102. Loans to purchasers of highly fractionated lands.

Section 5102 allows the Secretary to establish intermediary re-lending for the highly fractionated land program for Indian tribes and tribal corporations.

Section 5103. Removal of duplicative appraisals.

Section 5103 simplifies the appraisal process for loans to Indian tribes or tribal corporations for the purchase of highly fractionated land by allowing an appraisal from either the Secretary of Agriculture or the Secretary of the Interior.

TITLE VI—RURAL DEVELOPMENT

SUBTITLE A—REORGANIZATION OF THE CONSOLIDATED FARM AND
RURAL DEVELOPMENT ACT*Section 6001. Reorganization of the Consolidated Farm and Rural
Development Act*

Titles V and VI of this bill restructure the Consolidated Farm and Rural Development Act. While most of current law is maintained, the reorganization required considerable movement and restatement of the program provisions. Provisions of the renumbered sections that relate to rural development are described in detail below.

Section 6002. Conforming amendments

Section 6002 corrects references to the Consolidated Farm and Rural Development Act to comport with the Act as restructured.

Section 3002. Definitions

Section 3002 defines “rural” and “rural area.” It raises population eligibility requirement to 50,000 for Rural Community and Rural Business Programs. It excludes urbanized areas contiguous or adjacent to city or towns larger than 50,000 from being defined as “rural.” It also allows cities or towns located within an urbanized area to petition the Under Secretary for Rural Development to be considered a rural area and includes criteria for the Under Secretary to take in consideration when making such determinations, including population density, economic conditions, commuting patterns, and whether a community was eligible for Rural Water, Community Facilities or Rural Broadband programs under previous definition of rural.

This section extends the current exclusion for “urbanized areas” where a single road may cause a rural town or area to be included within an urbanized area. The exclusion language directs the Secretary to disregard the urbanized area classification for areas that are rural in all aspects but for a road connecting the area to a bigger city.

The Committee recognizes the concerns by both USDA and rural constituents about the confusion resulting from the multiple definitions of “rural” used by USDA to determine program eligibility that were instituted by previous Farm Bills. The Committee acknowledges that the previous definitions were developed for sound reasons and with good intent. However, the Committee is concerned that 96 different cities and towns had received waivers through legislation passed by the Congress subsequent to passage of previous Farm Bills that granted them eligibility for rural development programs despite the fact that their populations had grown beyond the population limits established in Farm Bill legislation. USDA will begin using data from the 2010 Census data in the Fall of 2012, and the Committee expects that a number of currently eligible communities will lose that eligibility. Therefore, to address these concerns, the Committee has provided a single definition of “rural” that is intended to clarify eligibility. The new definition grants eligibility to cities and towns of less than 50,000 in population and not contiguous or adjacent to urbanized areas. The Committee rec-

ognizes that some cities and towns of less than 50,000 in population that are located within an urbanized area may in fact be “rural in character.” To provide these cities and towns with an opportunity to maintain their eligibility for rural development programs, the Committee has provided for a process by which USDA may determine these areas “rural in character.” The Committee has directed USDA to consider the following factors when making such determinations: population density, economic conditions, commuting patterns, and whether a community was eligible for Rural Water, Community Facilities or Rural Broadband programs under the definition of “rural” established in the 2008 Farm Bill.

This section also expands eligibility for farm ownership loans for new and beginning farmers by changing the definitional requirement that beginning farmer loan applicants cannot own real estate that is over 30 percent of the median farm size in their county to that they cannot own over 30 percent of the average farm size in their county.

Section 3501. Water and waste disposal loans, loan guarantees, and grants

Section 3501 reauthorizes the Rural Water Grant and Loan Program, the Revolving Funds for Financing Water and Wastewater Projects, the Emergency and Imminent Community Water Assistance Program, the Water and Waste Facility Loans and Grants to Alleviate Health Risks, Solid Waste Management Grants, Rural Water and Wastewater Technical Assistance and Training Programs, including the Rural Water and Wastewater Circuit Rider Program, and the Special Evaluation Assistance for Rural Communities and Households (SEARCH) Program. It specifies eligibility for native villages for Alaska and Hawaii for Water and Waste Facility Loans and Grants to Alleviate Health Risks. It establishes priorities for Rural Water programs, which is similar to current law, and includes prioritization of communities of less than 5,500 in population. It maintains current law preventing larger municipal systems from encroaching upon the service area of rural water program borrowers.

Section 3502. Community facilities loans, loan guarantees, and grants

Section 3502 reauthorizes the Community Facilities Programs. It establishes priorities for programs, including prioritization of communities with less than 20,000 in population. It reauthorizes Tribal Colleges and Universities Program and authorizes Technical Assistance for Community Facilities Projects as a part of current Community Facilities program.

Section 3503. Health care services

Section 3503 reauthorizes the Delta Health Care Services Program.

Section 3601. Business programs

Section 3601 creates the Rural Business Development Grant Program by combining the Rural Business Opportunity Grants and Rural Business Enterprise Grants authorities into one program. It reauthorizes Value Added Agricultural Producer Grants and estab-

lishes priority for projects in which at least 25 percent of the project recipients are beginning farmers or ranchers or socially disadvantaged farmers or ranchers. It reauthorizes Rural Cooperative Development Grants and includes a directive for the Secretary to coordinate an interagency working group among Federal agencies to support cooperative development. It reauthorizes the Appropriate Technology Transfer for Rural Areas Program. It reauthorizes Business and Industry Direct and Guaranteed Loans and raises the initial fee to three percent from current authorization of two percent. It reauthorizes Relending Programs, the Intermediate Relending Program, and the Rural Microentrepreneur Assistance Program. It adds a definition of “training” and “technical assistance.” It also clarifies the match requirement of 15 percent. The Committee encourages the Secretary to continue working with dairy product processors to enhance their ability to produce dairy products and access export markets. Exports have become an integral focus of the U.S. dairy industry and the industry needs to accommodate an increasingly global market.

Section 3602. Rural business investment program

Section 3602 reauthorizes the Rural Business Investment Program, while providing authority to the Secretary to establish capital requirements, establish fees for applicants applying for a license to operate as a rural business investment company, and ensures the majority of capital of each rural business company is invested in rural concerns.

Section 3701. General provisions for loans and grants

Section 3701 reauthorizes general provisions for Loans and Grants authority.

Section 3702. Strategic economic and community development

Section 3702 authorizes the Secretary to prioritize otherwise eligible applications that support strategic economic and community development, and establishes criteria by which the Secretary should evaluate strategic applications. The bill also gives the Secretary discretion to prioritize applications for funding that reflect an applicant’s efforts to think strategically about long-term community and economic development. The Committee has provided criteria for the Secretary to consider when determining that an application should be considered “strategic” and thus prioritized. The Committee encourages the Secretary to use the discretion to prioritize these applications in manner that rewards rural communities and entities for proposing an effective use of resources.

Section 3703. Guaranteed rural development loans

Section 3703 reauthorizes guaranteed rural development loan authority.

Section 3704. Rural Development Insurance Fund

Section 3704 reauthorizes the Rural Development Insurance Fund.

Section 3705. Rural economic Area Partnership zones

Section 3705 establishes a competitive process for the Secretary to designate new Rural Economic Area Partnership zones, and directs the Secretary to carry out those rural economic area partnership zones in effect on date of enactment of the bill.

Section 3706. Streamlining applications and improving accessibility of rural development programs

Section 3706 directs the Secretary to expedite the process of creating user-friendly and accessible application forms and procedures prioritizing programs and applications at the individual level with an emphasis on utilizing current technologies such as online applications.

Section 3801 through Section 3814. Delta Regional Authority

Sections 3801 through 3814 reauthorize the Delta Regional Authority.

Section 3821 through Section 3835. Northern Great Plains Regional Authority

Sections 3821 through 3835 reauthorize the Northern Great Plains Regional Authority.

Section 3834 establishes a cap on administrative expenses of ten percent, an increase from the current five percent cap.

SUBTITLE C—GENERAL PROVISIONS

Section 3901. Full faith and credit

Section 3901 establishes that a contract of insurance or guarantee executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States.

Section 3902. Purchase and sale of guaranteed portions of loans

Section 3902 establishes that terms under which the Secretary may purchase and sell the guaranteed portion of a loan guaranteed under this title if the Secretary determines that an adequate secondary market is not available in the private sector.

Section 3903. Administration

Section 3903 re-establishes that terms under which the Secretary may administer programs under this title.

Section 3904. Loan moratorium and policy on foreclosures

Section 3904 re-establishes the Secretary's authority to permit, at the request of the borrower, the deferral of principal and interest on any outstanding loan made or guaranteed by the Secretary under this title and to forgo foreclosure on the loan for a time period that the Secretary considers necessary upon demonstration that the borrower is temporarily unable to continue making payments.

Section 3905. Oil and gas royalty payments on loans

Section 3905 re-establishes the Secretary's authority to permit a borrower to make a prospective payment on a loan with proceeds from the leasing of oil, gas, or other mineral rights to real property

used to secure the loan or the sale of oil, gas, or other minerals removed from the property used to secure the loan if the value of the rights to the oil, gas, or other minerals has not been used to secure the loan.

Section 3906. Taxation

Section 3906 re-establishes that all property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title (other than property used for administrative purposes) will be subject to taxation by state, territory, district, and local political subdivisions in the same manner and to the same extent as other property is taxed.

Section 3907. Conflicts of interest

Section 3907 re-establishes that no officer, attorney, or other employee of USDA may, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this title other than such salary, fee, or other compensation as they might receive in those positions, and states penalties for violation of the section. It re-establishes that an officer or employee of USDA that has reviewed an application for a loan to purchase land under this title may not acquire an interest in that land for a period of three years, and states penalties for violation of the section.

Section 3908. Loan summary statements

Section 3908 re-establishes that upon the request of a borrower of a loan made (but not guaranteed) under this title, the Secretary shall issue to the borrower a loan summary statement that reflects the account activity during the summary period for each loan made under this title to the borrower.

Section 3909. Certified lenders program

Section 3909 directs the Secretary to establish a program under which the Secretary will guarantee loans under this title that are made by lending institutions certified by the Secretary.

Section 3910. Loans to resident aliens

Section 3910 re-establishes the Secretary's authority to make a loan under this title to an alien lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

Section 3911. Expedited clearing of title to inventory property

Section 3911 re-establishes the Secretary's authority to employ local attorneys, on a case-by-case basis, to process legal procedures necessary to clear the title to foreclosed properties in USDA's inventory.

Section 3912. Prohibition on use of loans for certain purposes

Section 3912 re-establishes that the Secretary may not approve a loan under this title to drain, dredge, fill, level or otherwise manipulate a wetland or engage in any activity that results in impairing or reducing the flow, circulation or reach of water. An exemp-

tion is provided in the case of an activity begun before November 28, 1990 or a loan made for a utility line.

Section 3913. Regulations

Section 3913 establishes the Secretary's authority to issue regulations and rules necessary to implement the title.

SUBTITLE B—RURAL ELECTRIFICATION

Section 6101. Definition of rural area

Section 6101 changes the definition of rural area for programs under the Rural Electrification Act to be the same as in Section 3002(28)(A)(i).

Section 6102. Guarantees for Bonds and Notes Issued for Electrification or Telephone Purposes

Section 6102 reauthorizes Guarantees for Bonds and Notes Issued for Electrification or Telephone Purposes.

Section 6103. Expansion of 911 Access

Section 6103 reauthorizes Expansion of 911 Access authority.

Section 6104. Access to broadband telecommunications services in rural areas

Section 6104 establishes a grant component to the current Broadband Loan Program. It creates priority for communities without an incumbent service provider, for communities with a population of less than 20,000 permanent residents, rural communities experiencing outmigration, a community with a high percentage of low-income residents, or a rural community isolated from other significant population centers. It establishes the maximum grant limit as 50 percent of project development costs. It provides the Secretary with the authority to increase the grant up to 75 percent for communities that do not have an existing service provider, are remote and have low-income populations. It establishes transparency and reporting requirements for projects that receive funding.

SUBTITLE C—MISCELLANEOUS

Section 6201. Distance Learning and Telemedicine

Section 6201 reauthorizes Distance Learning and Telemedicine.

Section 6202. Rural Energy Savings Program

Section 6202 authorizes a Rural Energy Savings Program through which the Rural Utilities Service (RUS) at the U.S. Department of Agriculture (USDA) provides loans to eligible borrowers, such as rural electric cooperatives, for the purpose of relending to their customers for durable, cost-effective energy efficiency improvements. Consumers repay the loans to the borrowers on their monthly utility bill. The borrowing entity, not the consumer, holds responsibility for repayment of the loan to RUS.

TITLE VII—RESEARCH

SUBTITLE A—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND
TEACHING POLICY ACT OF 1977*Section 7101. National Agricultural Research, Extension, Education, and Economics Advisory Board*

Section 7101 reauthorizes the National Agricultural Research, Extension, Education, and Economics Advisory Board (NAREEE). The NAREEE Board will consult with affected industry groups before recommendations are given to the Secretary.

Section 7102. Specialty Crop Committee

Section 7102 enhances the Specialty Crop Committee, strengthens its role with the Specialty Crop Research Initiative, and clarifies that Committee membership shall reflect the diversity in the specialty crop industry.

Section 7103. Veterinary Services Grant Program

Section 7103 authorizes the Veterinary Services Grant Program and an additional matching competitive grant program with qualified entities to develop, implement, and sustain veterinary services. A qualifying entity must carry out programs that: (1) relieve veterinarian shortage situations, (2) support private veterinary practices engaged in public health activities, or (3) support practices of veterinarians who are participating in or have successfully completed a specified service requirement. This program is authorized at \$10 million per year.

Section 7104. Grants and Fellowships for Food and Agriculture Sciences Education

Section 7104 reauthorizes Grants and Fellowships for Food and Agriculture Sciences Education at \$40 million per year.

Section 7105. Agriculture and Food Policy Research Centers

Section 7105 authorizes Policy Research Centers. The Secretary will award grants through the Office of the Chief Economist, only competitive grants may be awarded under this section and preference is given to centers that have databases, models and experience providing Congress with agricultural market projections, rural development analysis, agriculture policy analysis and baseline projections. This program is authorized at \$5 million per year.

Section 7106. Education Grants to Alaska Native Serving Institutions and Native Hawaiian Serving Institutions

Section 7106 reauthorizes the Education Grants to Alaska Native Serving Institutions and Native Hawaiian Serving Institutions and clarifies only competitive grants may be awarded under this section.

Section 7107. Nutrition Education Program

Section 7107 reauthorizes the Nutrition Education Program.

Section 7108. Continuing Animal Health and Disease Research Programs

Section 7108 reauthorizes the Continuing Animal Health and Disease Research Programs at \$25 million per year.

Section 7109. Grants to Upgrade Agricultural and Food Sciences Facilities at 1890 Land-Grant Colleges, Including Tuskegee University

Section 7109 reauthorizes Grants to Upgrade Agricultural and Food Sciences Facilities at 1890 Land-Grant Colleges, Including Tuskegee University.

Section 7110. Grants to Upgrade Agricultural and Food Sciences Facilities and Equipment at Insular Area Land-Grant Institutions

Section 7110 reauthorizes Grants to Upgrade Agricultural and Food Sciences Facilities and Equipment at Insular Area Land-Grant Institutions.

Section 7111. Hispanic-Serving Institutions

Section 7111 reauthorizes the Hispanic-Serving Institutions.

Section 7112. Competitive Grants for International Agricultural Science and Education Programs

Section 7112 reauthorizes the Competitive Grants for International Agricultural Science and Education Programs at \$5 million per year.

Section 7113. University Research

Section 7113 reauthorizes University Research.

Section 7114. Extension Service

Section 7114 reauthorizes Extension Service. The Cooperative Extension System is a nationwide, non-credit educational network. Each state and territory has an office at its land-grant university and a network of local or regional offices which are staffed by one or more experts who provide practical, research-based information to agricultural producers, small business owners, youth, consumers, and others in rural communities. The Committee encourages the Secretary to ensure that the Cooperative Extension Service is effectively and efficiently utilized to deliver the educational component of USDA programs. The Secretary is also encouraged to engage in discussions with other federal departments and agencies to consider ways to use the Cooperative Extension Service to deliver education extension for other federal programs as practicable.

Section 7115. Supplemental and Alternative Crops

Section 7115 reauthorizes Supplemental and Alternative Crops research at \$1 million per year and clarifies that only competitive grants can be awarded under this section.

Section 7116. Capacity Building Grants for NLGCA Institutions

Section 7116 reauthorizes Capacity Building Grants for NLGCA Institutions.

Section 7117. Aquaculture Assistance Programs

Section 7117 reauthorizes the Aquaculture Assistance Programs at \$5 million per year and clarifies that only competitive grants can be awarded under this section.

Section 7118. Rangeland Research Programs

Section 7118 reauthorizes the Rangeland Research Programs at \$2 million per year.

Section 7119. Special Authorization for Biosecurity Planning and Response

Section 7119 reauthorizes the Special Authorization for Biosecurity Planning and Response at \$20 million per year.

Section 7120. Distance Education and Resident Instruction Grants Program for Insular Area Institutions of Higher Education

Section 7120 reauthorizes the Distance Education and Resident Instruction Grants Program for Insular Area Institutions of Higher Education at \$2 million per year and clarifies that only competitive grants will be awarded under the section of Distance Education Grants for Insular Areas.

SUBTITLE B—FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT
OF 1990

Section 7201. Best Utilization of Biological Applications

Section 7201 reauthorizes the Best Utilization of Biological Applications at \$40 million per year.

Section 7202. Integrated Management Systems

Section 7202 reauthorizes the Integrated Management Systems at \$20 million per year.

Section 7203. Sustainable Agriculture Technology Development and Transfer Program

Section 7203 reauthorizes the Sustainable Agriculture Technology Development and Transfer Program.

Section 7204. National Training Program

Section 7204 reauthorizes the National Training Program at \$20 million per year.

Section 7205. National Genetics Resources Program

Section 7205 reauthorizes the National Genetics Resources Program at \$1 million per year.

Section 7206. National Agricultural Weather Information System

Section 7206 reauthorizes National Agricultural Weather Information System at \$1 million per year.

Section 7207. High-priority research and extension initiatives

Section 7207 reauthorizes authority for grants to address Pollinator Protection, Alfalfa Forage Research Program, Deer Initiative, Bighorn and Domestic Sheep Disease Mechanisms, Potato Research and Extension, Dairy Financial Risk Management Research and

Extension, and Wood Use Research and Extension. It moves authority for the Secretary to designate Regional Centers of Excellence to a separate section of the Act (see section 7210). This section also authorizes the Pulse Health Initiative and Training Coordination for Food and Agriculture Protection. It allows the Secretary to appoint a task force to make recommendations on high priority research and extension.

Section 7208. Organic Agriculture Research and Extension Initiative

Section 7208 reauthorizes the Organic Agriculture Research and Extension Initiative and provides \$80 million in mandatory funding at \$16 million per year for fiscal years 2013 through 2017. It adds education as a function of the program and makes minor modifications to priority areas.

Section 7209. Farm Business Management

Section 7209 reauthorizes the Farm Business Management program at \$5 million per year.

Section 7210. Regional Centers of Excellence

Section 7210 reauthorizes Regional Centers of Excellence at \$10 million per year and moves the provisions from a separate section of the Act (see section 7207).

Section 7211. Assistive Technology Program for Farmers with Disabilities

Section 7211 reauthorizes the Assistive Technology Program for Farmers with Disabilities at \$5 million per year.

Section 7212. National Rural Information Center Clearinghouse

Section 7212 reauthorizes the National Rural Information Center Clearinghouse.

SUBTITLE C—AGRICULTURE RESEARCH, EXTENSION, AND EDUCATION
REFORM ACT OF 1998

Section 7301. Relevance and merit of agricultural research, extension, and education funded by the department

Section 7301 amends the law to emphasize that the “relevance” of the underlying research and extension programs to the affected industry shall be considered in evaluating grant applications. The Secretary will also consult regularly with the Advisory Board.

Section 7302. Integrated Research, Education, and Extension Competitive Grants Program

Section 7302 reauthorizes the Integrated Research, Education, and Extension Competitive Grants Program.

Section 7303. Support for Research Regarding Diseases of Wheat, Triticale, and Barley Caused by Fusarium Graminearum or by Tilletia Indica

Section 7303 reauthorizes Research Regarding Diseases of Wheat, Triticale, and Barley Caused by Fusarium Graminearum or by Tilletia Indica at \$10 million per year.

Section 7304. Grants for Youth Organizations

Section 7304 reauthorizes the Grants for Youth Organizations at \$3 million per year.

Section 7305. Specialty Crop Research Initiative

Section 7305 reauthorizes the Specialty Crop Research Initiative which now includes language for handling and processing in the priority areas. It modifies the matching fund provision to allow for the use of other federal and non-federal funds in meeting the match requirements. It removes 10 percent minimum funding carve out for program priorities 1 through 5. It provides mandatory funding for the program as follows for each fiscal year: \$25 million for 2013; \$30 million for 2014 through 2015; \$65 million for 2016; \$50 million for 2017 and each fiscal year thereafter. The Committee directs the Secretary to incorporate appropriate industry consultation as an integral part of the proposal review process. Such industry review shall be coordinated with the specialty crops subcommittee, as directed under Section 7102 of this Act. The Secretary shall ensure the specialty crop subcommittee has appropriate representation to provide comment on the relevance and impact of any proposal for the affected industry segment and provide a means for additional industry consultation should an appropriate representative not be available on the subcommittee.

The Committee expects that industry comments on specific proposals will be provided and taken into consideration by the scientific review panel prior to the scientific peer review.

Section 7306. Food Animal Residue Avoidance Database Program

Section 7306 reauthorizes the Food Animal Residue Avoidance Database Program at \$2.5 million per year.

Section 7307. Office of Pest Management Policy

Section 7307 reauthorizes the Office of Pest Management Policy at \$3 million per year.

Section 7308. Authorization of Regional Integrated Pest Management Centers

Section 7308 authorizes the Regional Integrated Pest Management Centers.

SUBTITLE D—OTHER LAWS

Section 7401. Critical Agricultural Materials Act

Section 7401 reauthorizes the Critical Agricultural Materials Act at \$2 million per year.

Section 7402. Equity in Educational Land-Grant Status Act of 1994

Section 7402 reauthorizes the Equity in Educational Land-Grant Status Act of 1994, and updates the names of institutions, as well as providing for additional entities and one deletion. It changes research grant requirements by allowing grant applications to be submitted in cooperative agreement with ARS or at least 1 other land grants institution, a non-land-grant college of agriculture or a cooperating forestry school.

Section 7403. Research Facilities Act

Section 7403 reauthorizes the Research Facilities Act.

Section 7404. Competitive, Special, and Facilities Research Grant Act

Section 7404 reauthorizes USDA's Agriculture and Food Research Initiative (AFRI) at \$700 million per year. It directs USDA to report on barriers that exist in the competitive grant process that may prevent eligible institutions with limited resources to apply and provide specific recommendations the Department may take to remove these barriers. The Committee recognizes concerns with the impact that inefficiencies in the current regulatory process for agricultural biotechnology and related court decisions have begun to take on growers who have adopted plant biotechnology products and the effect on research and development of additional products with new food and industrial uses that can benefit the priority areas identified in subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)). The Secretary is encouraged to provide information to the Committee on the measures taken and to be taken under statutory authorities to provide for balanced and non-duplicative regulatory oversight between Federal Agencies and Departments of products of agricultural biotechnology, the impact of court decisions on the affected agencies' budgets, and estimated financial impact on growers.

Section 7405. Enhanced Use Lease Authority Pilot Program Under Department of Agriculture Reorganization Act of 1994

Section 7405 reauthorizes Enhanced Use Lease Authority Pilot Program Under Department of Agriculture Reorganization Act of 1994.

Section 7406. Renewable Resources Extension Act of 1978

Section 7406 reauthorizes the Renewable Resources Extension Act of 1978.

Section 7407. National Aquaculture Act of 1980

Section 7407 reauthorizes the National Aquaculture Act of 1980.

Section 7408. Beginning Farmer and Rancher Development Program

Section 7408 reauthorizes Beginning Farmer and Rancher Development Program. It adds dedicated funds to military veterans as defined and provides for a one-time allocation of \$50 million in mandatory funding to remain available until expended.

SUBTITLE E—FOOD, CONSERVATION, AND ENERGY ACT OF 2008 PART
I: AGRICULTURAL SECURITY

Section 7501. Agricultural Biosecurity Communication Center

Section 7501 reauthorizes the Agricultural Biosecurity Communication Center at \$2 million per year.

Section 7502. Assistance to Build Local Capacity in Agricultural Biosecurity Planning, Preparation, and Response

Section 7502 reauthorizes the Assistance to Build Local Capacity in Agricultural Biosecurity Planning, Preparation, and Response at \$15 million per year.

Section 7503. Research and Development of Agricultural Countermeasures

Section 7503 reauthorizes the Research and Development of Agricultural Countermeasures at \$15 million per year.

Section 7504. Agricultural Biosecurity Grant Program

Section 7504 reauthorizes the Agricultural Biosecurity Grant Program at \$5 million per year.

PART II—MISCELLANEOUS

Section 7511. Grazing-lands Research Laboratory

Section 7511 reauthorizes the Grazing-lands Research Laboratory.

Section 7512. Budget submission and funding

Section 7512 promotes transparency and accountability with regard to intramural and extramural research programs administered by the Department. The annual Presidential Budget Submission must include sufficient information for the Congress to thoroughly evaluate and approve future spending plans with regard to extramural competitive grants programs and intramural research spending.

The Committee recognizes that the U.S. ethanol industry has increased the efficiency of their production process in recent years such that the amount of ethanol produced from a bushel of corn has increased. Current yield calculations used by USDA agencies may no longer reflect the current production. The Committee recognizes the concerns that the calculations impact corn supply forecasts by overestimating the amount of corn needed to meet U.S. ethanol production. The Committee encourages the National Agricultural Statistics Service to provide an accurate, up-to-date value for the ethanol yield from a bushel of corn.

Section 7513. Natural Products Research Program

Section 7513 reauthorizes the Natural Products Research Program at \$7 million per year.

Section 7514. Sun Grant Program

Section 7514 reauthorizes, consolidates, and amends the Sun Grant Program to expand input from other appropriate federal agencies, authorize bioproducts, eliminate authorization for gasification research and make the program competitive. The Committee recognizes the leadership and work of the Sun Grant Centers in each region and intends that the revisions to the program to make it competitive do not reduce the effectiveness of the overall program. The Committee recognizes the importance of demonstrated experience in working with multiple federal agencies and in awarding and managing funding provided through competitive grants to

land grant institutions and institutions partnering with land grant institutions. Finally, the Committee recognizes the value and importance of committed use of peer review principles and other research best practices in the selection, management, and dissemination of research projects.

SUBTITLE F—MISCELLANEOUS

Section 7601. Foundation for food and agriculture research

Section 7601 establishes a non-profit organization administered by an appointed Board of Directors representing the diverse sectors of the agriculture and agricultural research community with the primary purpose of supplementing the efforts of USDA basic and applied research activities. Federal investment is leveraged in agricultural research through soliciting and accepting private donations to award grants for collaborative public/private partnerships with scientists and entities including USDA, academia, non-profits, and the private sector. This section also incorporates accountability and transparency measures for good governance.

TITLE VIII—FORESTRY

SUBTITLE A—REPEAL OF CERTAIN FORESTRY PROGRAMS

Section 8001. Forest land enhancement program

Section 8001 repeals the forest land enhancement program.

Section 8002. Watershed forestry assistance program

Section 8002 repeals the watershed forestry assistance program.

Section 8003. Expired cooperative national forest products marketing program

Section 8003 repeals cooperative national forest products marketing program.

Section 8004. Hispanic-serving institution agricultural land national resources leadership program

Section 8004 repeals the Hispanic-serving institution agricultural land national resources leadership program.

Section 8005. Tribal watershed forestry assistance program

Section 8005 repeals the Tribal watershed forestry assistance program.

SUBTITLE B—REAUTHORIZATION OF COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978 PROGRAMS

Section 8101. State-Wide Assessment and Strategies for Forest Resources

Section 8101 reauthorizes the State-Wide Assessment and Strategies for Forest Resources at \$10 million per year. It focuses state efforts on achieving national priorities by assisting landowners with planning and implementing forest and land management practices.

Section 8102. Forest Stewardship Program

Section 8102 reauthorizes the Forest Stewardship Program at a new authorized level of \$50 million per year.

Section 8103. Forest Legacy Program

Section 8103 reauthorizes the Forest Legacy Program at a new authorized level of \$200 million per year.

Section 8104. Community Forest and Open Space Conservation Program

Section 8104 reauthorizes the Community Forest and Open Space Conservation Program at a new authorized level of \$50 million per year.

Section 8105. Urban and Community Forestry Assistance

Section 8105 reauthorizes the Urban and Community Forestry Assistance at a new authorized level of \$50 million per year.

SUBTITLE C—REAUTHORIZATION OF OTHER FORESTRY-RELATED LAWS

Section 8201. Rural revitalization technologies

Section 8201 reauthorizes rural revitalization technologies.

Section 8202. Office of International Forestry

Section 8202 reauthorizes the Office of International Forestry at a new authorized level of \$10 million per year.

Section 8203. Insect infestations and related diseases

Section 8203 reauthorizes the Secretary to designate areas impacted by insect infestation and disease for treatment. The Secretary will also designate treatment areas on National Forest land due to insect or disease infestation. This section is authorized for appropriations at \$100 million per year.

Section 8204. Stewardship end result contracting projects.

Section 8204 reauthorizes Stewardship end result contracting projects.

Section 8205. Healthy Forest Reserve Program

Section 8205 expands the Healthy Forest Reserve Program eligibility for lands owned by Indian tribes and reauthorizes the program at a new authorization level at \$9.75 million per year.

SUBTITLE D—MISCELLANEOUS PROVISIONS

Section 8301. McIntire-Stennis Cooperative Forestry Act

Section 8301 provides the Secretary the ability to waive matching requirement for 1890 institutions and to expand program participation eligibility for institutions in the Federated States of Micronesia, American Samoa, Northern Mariana Islands and Guam.

Section 8302. Revision of strategic plan for forest inventory and analysis

Section 8302 requires the Secretary to revise the strategic plan for forest inventory and analysis to include further investigation into a series of areas to improve forest management.

TITLE IX—ENERGY

Section 9001: Definitions

Section 9001 adds a definition for renewable chemical.

Section 9002. Biobased Markets Program

Section 9002 reauthorizes the Biobased Markets Program at \$2 million per year and allows the Secretary to establish a targeted number of biobased procurement requirements for the Biobased Procurement Preference Program. It requires reporting of biobased purchases from federal government procurement agencies. The Secretary will designate assembled and finished products for the procurement and labeling program. This section also adds auditing and compliance provisions for the biopreferred labeling program. It allows outreach and education activities for the biobased markets program. It directs USDA to conduct an economic impact study on biobased products and sets a new focus on products that demonstrate innovation regardless of date of entry into the marketplace. The Forest Products Lab is to assist in approval for forest related products as well as providing technical assistance to the forestry industry. Mandatory funding is \$3,000,000 for each of fiscal years 2013 through 2017. The Committee recognizes the growth and development of biobased markets and the potential these markets offer for significant job growth and economic development. As biobased companies reach their full potential, new manufacturing jobs will be created in the United States while also providing environmental and energy security benefits.

The Committee recognizes concerns with the USDA Biobased Markets Program and the exclusion of most forest products. This exclusion, created in USDA rulemaking, has effectively made many forest products ineligible for the program. Therefore, the language included in Section 9002 (a)(1)(B)(i)(III)(vi) is intended to clarify that all forest products, regardless of the market share the product holds, the age of the product, or whether the product's market is new or emerging, are eligible for the procurement and labeling program as long as the product meets the innovation standards for the program as outlined in Section 9002(a)(1)(B)(i)(III)(vi). It is the Committee's intention that all products in the program use innovative approaches in the growing, harvesting, procuring, processing, or manufacturing of the product. The Committee directs USDA to work through the USDA Forest Products Laboratory to develop a set of guidelines for forest product inclusion in the program that incorporates these and other relevant innovations to ensure forest products are included in the program.

Section 9003. Biorefinery, renewable chemical and biobased product manufacturing assistance

Section 9003 reauthorizes the Biorefinery Assistance Program at \$150 million per year. Program eligibility is expanded to include re-

newable chemicals and biobased products. It defines Biobased Product Manufacturing as the development, construction, and retrofitting of technologically new commercial-scale processing and manufacturing equipment and required facilities that will be used to convert renewable chemicals and other biobased outputs of bio-refineries into end-user products on a commercial scale. Mandatory funding is provided for the program at \$100 million for fiscal year 2013 and \$58 million for each of fiscal years 2014 and 2015. Of the total amount of funds made available for the period of fiscal years 2013 through 2015 not more than \$25,000,000 can be directed towards biobased product manufacturing.

Section 9004. Repeal of repowering assistance program and transfer of remaining funds

Section 9004 repeals repowering assistance program and directs the remaining funds to the Rural Energy for America Program (REAP). The Committee has simplified the REAP application process requirements and believes that these changes will improve access for all applicants. The Committee does not believe that a farmer, rancher or rural small business should find it necessary to pay significant consulting fees in order to successfully compete for funding through this program.

Section 9005. Bioenergy Program for Advanced Biofuels

Section 905 reauthorizes the Bioenergy Program at \$20 million per year.

Section 9006. Biodiesel Fuel Education Program

Section 9006 reauthorizes the Biofuels Education Program at \$1 million per year in mandatory funding.

Section 9007. Rural Energy for America Program (REAP)

Section 9007 reauthorizes the Rural Energy for America Program (REAP) at \$20 million per year and amends the 2-meter rule by including “agricultural and associated residential purposes” as eligible. It allows RC&D councils to be eligible for energy audit and technical assistance portion of the program and removes feasibility studies. The grant application process is revised into three tiers of grants: less than \$80,000; between \$80,000 and \$200,000; and greater than \$200,000. This section also instructs the Secretary to streamline and simplify grant application process for grants under \$80,000 and sets a cap of \$500,000 for grants. Mandatory funding is provided at \$48.2 million for each of fiscal years 2013 through 2017.

Section 9008. Biomass research and development initiative

Section 9008 reauthorizes the Biomass R&D Program at \$30 million per year, with mandatory funding of \$26 million for each of fiscal years 2013 through 2017. The Committee encourages the Department to support research, development and demonstration efforts focused on reducing the costs of producing sugars from cellulosic biomass.

Section 9009. Feedstock Flexibility Program for bioenergy producers

Section 9009 reauthorizes the Feedstock Flexibility Program.

Section 9010. Biomass Crop Assistance Program (BCAP)

Section 9010 reauthorizes the Biomass Crop Assistance Program at \$20 million per fiscal year and specifies eligible versus non-eligible materials for the Collection, Harvest, Storage, and Transport (CHST) payments with modifications to ensure spending in line with Congressional intent. Mandatory funding is provided at \$38.6 million for each of fiscal years 2013 through 2017. Of the mandatory money made available for each fiscal year, the Secretary shall use not less than 10 percent, nor more than 50 percent, of the amount to make collection, harvest, transportation, and storage payments.

Section 9011. Repeal of Forest Biomass for Energy

Section 9011 repeals Forest Biomass for Energy.

Section 9012. Community Wood Energy Program

Section 9012 reauthorizes the Community Wood Energy Program at \$5 million per year.

Section 9013. Repeal of Renewable Fertilizer Study

Section 9013 repeals the Study on Renewable Fertilizer.

TITLE X—SPECIALTY CROPS

Section 10001. Specialty crops market news allocation

Section 10001 reauthorizes specialty crop market news allocation and expands market news activities to provide timely price information on fruits and vegetables with funding authorized at \$9 million per year.

Section 10002. Repeal of grant program to improve movement of specialty crops

Section 10002 repeals the grant program to improve the movement of specialty crops.

Section 10003. Farmers Market and Local Food Promotion Program

Section 10003 reauthorizes and expands the existing Farmers Market Promotion Program. It provides competitive grants to improve and expand farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities. Grants may also be used to help develop local food system infrastructure targeted at serving low-income populations. The section requires cost share of 25 percent of funding. Mandatory funding of \$100 million is provided for five years and \$20 million per year is authorized for appropriations. The reported bill restricts grant funding from being used for the purchase, construction or rehabilitation of a building or structure. This provision is specifically intended to prevent activities such as acquiring land, repairing roofing structures or building warehouses. The Committee does not intend for this language to restrict resources for other key uses such as cold storage or equipment.

Section 10004. Study on local food production and program evaluation

Section 10004 directs Secretary to collect data on the production and marketing of locally or regionally produced agricultural food products, facilitate interagency collaboration and data sharing on programs related to local and regional food systems, and evaluate the success of current local promotion programs. No resources are provided for this study and evaluation.

Section 10005. Organic agriculture

Section 10005 authorizes the Organic Production and Market Data Initiatives. The Organic Production and Market Data Initiatives program funds basic USDA data collection on the organic sector. One-time mandatory funding of \$5 million is provided and \$5 million per year is authorized for appropriations. This section also authorizes the National Organic Program (NOP) and ensures the integrity of the organic seal by enforcing standards and accrediting certifiers. A report is required to be submitted to the House and Senate Agriculture Committees describing the efforts of the Secretary to assess the feasibility of establishing an organic research and promotion program. The funding level authorized for the NOP is \$15 million per year. This section upgrades the NOP technology that will modernize NOP organic database technology systems. The new funding level is set at a \$5 million mandatory lump sum payment.

Section 10006. Food safety and education initiatives

Section 10006 maintains the current authorization for food safety and education initiatives. This program educates persons involved in fresh produce industry, and public, about sanitary handling practices and ways to reduce pathogens in fresh produce. The funding level is authorized at \$1 million per year.

Section 10007. Consolidation of plant pest and disease management and disaster prevention programs

Section 10007 consolidates the National Clean Plant Network, which produces clean pathogen free plant material for producers, into a larger program focused on plant pest and disease management, early detection and surveillance, and disaster prevention projects. The funding level for the consolidated program is increased. The reported bill provides mandatory funding of \$60 million in fiscal years 2013 through 2016 and \$65 million for fiscal year 2017. The Committee has provided funding at a level that it believes is sufficient to continue the functions of both the Plant Pest and Disease Management and Disaster Prevention Program and the National Clean Plant Network. The Committee provided a modest increase in resources for the consolidated program in order to address unmet needs. Therefore, the Committee expects that annual funding for the National Clean Plant Network will be not less than that level provided in fiscal year 2012.

Section 10008. Specialty Crop Block Grants

Section 10008 increases funding for Specialty Crop Block Grants which provide States with funding for projects that benefit both producers and consumers of fruits, vegetables, tree nuts, and nurs-

ery crops. Examples of project areas that would qualify for funds include, but are not limited to: food safety; food security; nutrition; trade enhancement; education; research; promotion; marketing, and plant health programs. The changes made to the grant allocation formula are from using solely the value of specialty crop production in a state, to use of the average of both value of specialty crop production and acres of specialty crops planted in a state. It includes a new set aside for multi-state projects which is re-allocated to States if funds are unused. Mandatory funding of \$70 million per year is provided. The Committee encourages the Secretary to incorporate financial benchmarking through state block grant proposals or as a part of multistate projects as a tool to enhance the competitiveness of specialty crops.

Section 10009. Recordkeeping, investigations, and enforcement

Section 10009 requires all organic producers to maintain records of contracts, agreements, and receipts associated with the organic certification program. The Secretary is given authority to carry out investigations, administer oaths and affirmations, subpoena witnesses, and obtain documentation related to an investigation. The Secretary may suspend or revoke organic certification if producers or handlers do not provide Secretary with requested information pertinent to organic certification. The Secretary is also given authority to stop sale if a producer or handler misrepresents their product as being organic. A civil penalty is issued if not more than \$10,000 for violating an order of organic certification revocation.

Section 10010. Report on honey

Subsection (a) requires the Secretary to consult with honey industry stakeholders, including the American Honey Producers Association, the American Beekeeping Federation, the National Honey Packers and Dealers Association, the Sioux Honey Association, and the Western States Honey Packers and Dealers Association, on a report describing the contents of a new federal standard of identity for honey. The honey industry is currently faced with a number of major challenges, including the dilution of honey with increased quantities of other substances as well as the addition or substitution of substances in order to mask dilution. This subsection requires that this report be submitted to the Commissioner of the Food and Drug Administration within 180 days of enactment.

Subsection (b) refers to the citizens' petition filed with the Food and Drug Administration in March 2006, which represented the honey industry's previous effort to develop a federal honey standard of identity. Since 2006, a number of states have enacted differing honey standards raising concerns about inconsistencies, the flow of commerce within the honey industry, confusion in the market place and unanticipated legal challenges. The honey industry is now undertaking efforts to develop a consensus federal standard of identity for consideration in the Secretary's report to the Food and Drug Administration.

Section 10011. Effective date

Section 10011 establishes October 1, 2012 as the effective date for the provisions in the title.

TITLE XI—CROP INSURANCE

Section 11001. Supplemental Coverage Option

Section 11001 amends section 508(c) of the Federal Crop Insurance Act to create a new coverage option that allows coverage based on an area yield and loss basis that covers all or part of the deductible under the individual yield or loss policy. The Supplemental Coverage Option (SCO) includes the following provisions: (1) triggers only if losses in the area exceed 10 percent of normal levels; (2) includes a deductible of 21 percent of the expected value of the crop under the underlying insurance policy for producers in ARC and 10 percent for those not participating in ARC; (3) provides for a premium subsidy of 70 percent of the premium associated with the coverage; and (4) covers the operating and administrative expenses in accordance with the rules applicable to other area policies. For administrative purposes, SCO policies are to be treated as separate policies from individual policies. For purposes of implementation, cotton policies should be the priority until policies under section 11011 are fully available.

This section also allows for margin insurance policies to be utilized in conjunction with individual yield and loss policies.

Section 11002. Premium amounts for catastrophic risk protection

Section 11002 amends Section 508(d) of the Federal Crop Insurance Act to establish, in the case of catastrophic risk protection, that the amount of the premium established by the Corporation for each crop for which catastrophic risk protection is available, shall be reduced by the percentage equal to the difference between the average loss ratio for the crop and 100 percent, plus a reasonable reserve.

Section 11003. Permanent enterprise unit

Section 11003 amends section 508(e)(5) of the Federal Crop Insurance Act to allow the Corporation to pay a portion of premiums for whole farm or enterprise unit insurance policies. The Committee recognizes that enterprise units and the additional assistance provided for enterprise unit policies has made higher levels of buy-up crop insurance more attainable for many farmers. Accordingly, the reported bill makes the pilot enterprise unit premium assistance permanent and allows producers the choice to separate their irrigated and non-irrigated enterprise unit coverage on the farm.

Section 11004. Enterprise units for irrigated and nonirrigated crops

Section 11004 amends section 508(e)(5) of the Federal Crop Insurance Act to make available to a producer the option to choose to separate enterprise units for irrigated and nonirrigated acreages of crops in counties beginning in the 2013 crop year.

Section 11005. Data collection

Section 11005 amends section 508(g)(2) of the Federal Crop Insurance Act to allow the use of data collected by the Risk Management Agency, the National Agricultural Statistics Service, or both, to determine yields. Where sufficient county data is not available, the Secretary is authorized to use data from other sources.

Section 11006. Adjustment in actual production history to establish insurable yields

Section 11006 amends section 508(g)(4)(B) of the Federal Crop Insurance Act to increase the percentage of the applicable transitional yield used to replace excluded recorded or appraised yields from 60 percent to 70 percent for the 2013 and subsequent crop years.

Section 11007. Submission and review of policies

Section 11007 amends section 508(h)(1) of the Federal Crop Insurance Act to require the Corporation to review policies developed under the research and development contracting authority in section 522(c), or pilot program developed under section 523, and to submit to the Board for review programs that will likely result in viable and marketable policies, provide crop insurance in a significantly improved form, and adequately protect the interests of producers.

Section 11008. Board review and approval

Section 11008 amends section 508(h) of the Federal Crop Insurance Act to provide additional guidance to the Board to approve plans that do not unfairly discriminate among producers or have adverse impacts on crop insurance delivery, and are likely to result in viable and marketable policies, offer an improved form of insurance, or provide previously unavailable coverage. It allows the Board to establish and publish annual priorities on its website and requires the Board to consider prioritizing products that address underserved commodities, inadequate coverage, and low participation.

Section 11009. Consultation

Section 11009 amends Section 508(h)(4) of the Federal Crop Insurance Act to require the submitter to consult with groups representing producers of agricultural commodities in all major producing areas for the commodities to be served or impacted by the submission. This consultation is intended to ascertain the support or opposition of potentially impacted agricultural producers in all major producing areas before making a determination to proceed with the product development and is to be included as part of the submission under the 508(h) process. This consultation requirement also establishes that any product developer must provide a market impact assessment and analysis of the potential impacts on regional and national markets for the development of any new product.

Section 11010. Budget limitations on renegotiation of the Standard Reinsurance Agreement

Section 11010 amends section 508(k)(8) of the Federal Crop Insurance Act to require the Board to ensure budget neutrality to the maximum extent practicable during renegotiation of the Standard Reinsurance Agreement (SRA), and return any savings realized in these renegotiations to RMA programs. Crop insurance is recognized by this Committee as the cornerstone to farmers' ability to manage risk. As such, the Committee has made it a priority to protect and preserve the crop insurance program and therefore in-

cluded the language in this section to ensure Administrative action through the renegotiation of the Standard Reinsurance Agreement cannot be a means by which funding is removed from the crop insurance system.

Section 11011. Stacked income protection plan for producers of upland cotton

Section 11011 adds a new section 508B to the Federal Crop Insurance Act that provides upland cotton producers an area-wide revenue loss coverage option of not more than 30 percent of expected county revenue, specified in increments of five percent and with deductible no less than 10 percent. It establishes coverage based on: (1) an expected price that is the expected price established under existing Group Risk Income Protection or is the area wide policy offered by the Corporation; and (2) an expected county yield that is the higher of the expected county yield for area wide plans or the average of applicable yield data from the county for the most recent five years, excluding the highest and lowest years. It uses a multiplier factor to establish maximum protection per acre of not more than 120 percent. It also establishes distinct coverage for irrigated and non-irrigated practices, and provides for a premium subsidy of 80 percent of the premium by the Corporation. This coverage can stand alone or be combined with an underlying individual policy. For administrative purposes, STAX policies are to be treated as separate policies from individual policies. Finally, the Committee intends for administrative and operating expenses to be covered in accordance with the rules applicable to other area policies.

Section 11012. Peanut revenue crop insurance

Section 11012 adds a new section 508C to the Federal Crop Insurance Act to create a revenue crop insurance program for peanut producers, beginning in crop year 2013, using the effective price for peanuts equal to the Rotterdam price index, adjusted to reflect the farmer stock price of peanuts in the U.S.

Section 11013. Authority to correct errors

Section 11013 amends section 515(c) of the Federal Crop Insurance Act to allow an insurance provider or agent to correct information to make it consistent with information a producer reported to FSA, provided the corrections do not allow the producer to obtain a disproportionate benefit or avoid any ineligibility requirements or legal obligations.

Section 11014. Implementation

Section 11014 amends section 515 of the Federal Crop Insurance Act to implement an acreage report streamlining initiative that will allow producers to report acreage and other information directly to the Department. It requires the Secretary to notify Congress of substantial completion of the initiative by July 1, 2013, and provides funding of \$25 million for fiscal year 2013 and \$10 million for fiscal years 2014 through 2017. If initiative deadlines are met, it provides for \$15 million per year for fiscal years 2014 through 2017 instead of \$10 million.

Section 11015. Approval of costs for research and development

Section 11015 amends Section 522(b)(2) of the Federal Crop Insurance Act to allow the Board, at its discretion, to increase the 50 percent limitation to 75 percent on advance payments for research and development if the proposal provides coverage for an underserved region or crop, including specialty crops, and the submitter of the proposal does not have sufficient resources to fund development.

Section 11016. Whole farm risk management insurance

Section 11016 amends section 522(c) of the Federal Crop Insurance Act to develop a whole farm risk management insurance plan with a liability limitation of \$1,500,000 that allows a diversified crop and livestock producer to qualify for an indemnity if actual gross revenue is below 85 percent of average gross farm revenue or reasonable expected gross farm revenue. It includes provisions on eligible producers, diversification, and market readiness value, and requires a report to Congress not later than two years after enactment to determine the results and feasibility of the research and development, including an analysis of potential adverse market distortions.

Section 11017. Crop insurance for livestock

Section 11017 amends section 522(c) of the Federal Crop Insurance Act (as amended by section 11016) by requiring a contract with a qualified person to conduct a study to determine the feasibility of insuring swine producers for a catastrophic event. It requires the Corporation to submit a report to the Committee on Agriculture, Nutrition, and Forestry of the Senate on results of the study.

Section 11018. Margin coverage for catfish

Section 11018 amends section 522(c) of the Federal Crop Insurance Act (as amended by section 11017) by requiring the Corporation to offer a contract to a qualified entity to conduct research and development regarding a policy to insure producers against reduction in the margin between the market value of catfish and selected costs incurred in the production of catfish.

Section 11019. Research and development

Section 11019 amends section 522(c) of the Federal Crop Insurance Act by allowing the Corporation to conduct activities or enter into contracts to carry out research and development to maintain or improve existing policies or develop new policies, in accordance with the consultation requirement in section 11009.

Section 11020. Pilot programs

Section 11020 amends section 523(a) of the Federal Crop Insurance Act to increase Corporation discretion to conduct pilot programs and eliminates the evaluation and reporting requirement.

Section 11021. Index-based weather insurance pilot program

Section 11021 amends section 523(a)(2) of the Federal Crop Insurance Act to allow the Corporation to conduct a pilot program to provide financial assistance for producers of underserved crops and

livestock (including specialty crops) to purchase an index-based weather insurance product from a private insurance company. This type of coverage, also referred to as parametric weather insurance, automatically provides payments to producers when a weather-related event occurs that typically results in yield or revenue loss. It requires the Corporation to use \$10 million to carry out the pilot programs for each of the fiscal years 2013 through 2017.

Section 11022. Enhancing producer self-help through farm financial benchmarking

Section amends section 502(b) of the Federal Crop Insurance Act by adding farm financial benchmarking, which is the process of comparing the performance of an agricultural enterprise against the performance of other similar enterprises. It also amends section 522(d)(3)(F) of the Federal Crop Insurance Act by adding “farm financial benchmarking” after “management” and section 524(a) of the Federal Crop Insurance Act by adding “farm financial benchmarking” after “risk reduction” and adding “including farm financial benchmarking” after “management strategies”. The Committee recognizes that the profitability and financial viability of agricultural producers depends on their ability to make sound economic and financial farming decisions while managing and mitigating significant risks in a frequently changing policy environment. Likewise, the Committee and other policy makers benefit from receiving analysis that is timely and sound; constituting feedback based on the events, decisions and outcomes in the day-to-day operation of farms as producers utilize various programs and policies. The significant reforms contained in the reported bill for farmers provides a unique and necessary focus on this as federal agriculture policy becomes more centered on risk management. Because farming does not fit neatly into one program or title, the Committee encourages USDA to look for opportunities that combine programs, resources and authorities across titles in an integrated approach with a goal towards developing comprehensive research and education focused on risk management, risk mitigation, improved farm practices, financial benchmarking and farm management. The research and education should be targeted to agricultural producers, educators and agribusinesses (including crop insurance), as well as providing evaluation and feedback to state and federal policymakers. As the Committee works to move towards risk-based agricultural policy, efforts to enable the deployment of strategies and practices that help farmers manage and mitigate their risks are paramount, especially in the face of changing technologies that require modification of products, practices and policies for timely adaptation to the challenges farmers face today and into the future.

Section 11023. Beginning farmer and rancher provisions

Section 11023 amends section 502(b) of the Federal Crop Insurance Act by adding the definition of “beginning farmer or rancher”. It also amends section 508 of the Federal Crop Insurance Act to allow: (1) beginning farmers or ranchers to receive premium assistance 10 percentage points greater than premium assistance that would be otherwise is available; (2) beginning farmers or ranchers previously involved in a farming operation to use the previous pro-

ducer's production history or assigned yield in determining yield coverage; and (3) beginning farmers or ranchers to replace each excluded yield with a yield equal to 80 percent of the applicable transitional yield.

Section 11024. Agricultural management assistance, risk management education, and organic certification cost share assistance

Section 11024 amends section 524 of the Federal Crop Insurance Act to provide assistance for: (1) provisions of organic certification cost share assistance; (2) activities to support risk management education and community outreach partnerships; and (3) provisions of agricultural management assistance grants to producers in States in which there has been a low level of Federal crop insurance participation. The assistance is limited to \$50,000 per person per year. It requires the Commodity Credit Corporation to make available \$23 million for each of fiscal years 2013 through 2017 to carry out this assistance. Additionally, the program provides organic producers with up to 75 percent of or \$750 toward the cost of organic certification with funding set at \$11.5 million each of fiscal years 2013 through 2017.

Section 11025. Crop production on native sod

Section 11025 amends Section 508(o) of the Federal Crop Insurance Act to provide sod producers during the first 4 years of planting on native sod acreage the following: (1) 65 percent of the transitional yield; and (2) a crop insurance premium subsidy 50 percentage points less than the premium subsidy that would otherwise apply. It requires the Secretary to submit a report that describes the cropland acreage in each county and State, and the change in cropland acreage from the preceding year in each county and State to the Committee on Agriculture, Nutrition, and Forestry of the Senate..

Section 11026. Technical amendments

Section 11026 amends section 508(b) Federal Crop Insurance Act to remove the requirement that producers purchase catastrophic insurance or waive eligibility for emergency crop loss assistance to be eligible for certain payments and loans.

TITLE XII—MISCELLANEOUS

SUBTITLE A—SOCIALY DISADVANTAGED PRODUCERS AND LIMITED RESOURCE PRODUCERS

Section 12001. Outreach and assistance for socially disadvantaged farmers and ranchers

Section 12001 extends the program with an authorization level of \$20 million per fiscal year and provides \$5 million in mandatory funds per fiscal year. Veteran farmers and ranchers have also been included in the Outreach and Assistance for Socially Disadvantaged Producers and Limited Resource Producers.

Section 12002. Office of Advocacy and Outreach

Section 12002 extends the office with an authorization level of \$2 million per year.

SUBTITLE B—LIVESTOCK

In general with regard to livestock issues, the Committee is aware that equine disease outbreaks have occurred with increased frequency over the last several years. These outbreaks threaten the health and welfare of U.S. horses and the economic viability of the \$102 billion horse industry. The Animal and Plant Health Inspection Service (APHIS) is directed to coordinate with equine stakeholders and others to develop a national equine health plan for the purpose of detecting, controlling, and/or eradicating contagious equine diseases and promoting equine-specific biosecurity practices. The Committee is also concerned that the equine veterinary position at APHIS has been vacant for an extended period of time. This equine veterinary position is vital for an efficient and coordinated response to equine disease outbreaks and to handle the many equine issues for which APHIS is responsible. The Committee expects APHIS to fill this position as soon as possible.

Section 12101. Wildlife reservoir zoonotic disease initiative

Section 12101 authorizes a competitive grant program to improve diagnostic testing and vaccines for Bovine Tuberculosis, Brucellosis and other zoonotic diseases in livestock, authorized for \$7 million in appropriations per fiscal year.

Section 12102. Trichinae Certification Program

Section 12102 reauthorizes the Trichinae Certification Program.

Section 12103. National Aquatic Health Plan

Section 12103 reauthorizes the National Aquatic Health Plan.

Section 12104. Sheep production and marketing grant program

Section 12104 authorizes a competitive grant program to improve the sheep industry and provides mandatory funding of \$1.5 million and authorizes \$3 million in appropriations per fiscal year.

Section 12105. Pilot to eradicate feral swine

Section 12105 authorizes a pilot between NRCS and APHIS to eradicate feral swine and authorizes \$2 million per fiscal year.

SUBTITLE C—OTHER MISCELLANEOUS PROVISIONS

Section 12201. Military veterans agricultural liaison

Section 12201 establishes a military veteran liaison to connect returning veterans with beginning farmer training and help veterans access USDA programs.

Section 12202. Information gathering

Section 12202 revises section 1619 of the 2008 Farm Bill to permit information sharing with certain State agencies.

Section 12203. Grants to improve supply, stability, safety, and training of agricultural labor force

Section 12203 reauthorizes grants to improve Supply, Stability, Safety, and Training of Agricultural Labor Force at \$10 million per fiscal year.

Section 12204. Noninsured Crop Disaster Assistance Program

Section 12204 contains a revision to the Noninsured Crop Disaster Assistance Program (NAP) that provides a “buy-up” option to producers of crops that are not covered by crop insurance. The section allows producers to elect and pay for higher coverage levels between 55 percent and 65 percent. Producers who elect higher coverage levels would pay a premium based upon the value of their production and acres planted. The buy-up option in Section 12204 was included to assist producers of non-covered crops who have been left without adequate support when facing losses under NAP as it now exists. The Committee recognizes concerns that the inadequate level of support under NAP has been a disincentive for utilization of the program by producers. The Committee intends for the new buy-up option to provide more effective coverage for producers of non-covered crops against losses and improve their ability to manage the risks they face. Additionally, section 12204 removes overlap between NAP and the disaster programs in Title I.

Section 12205. Regional and economic infrastructure development

Section 12205 reauthorizes the program, with a slight adjustment to the cap on administration fees.

Section 12206. Canada geese removal

Section 12206 directs the Secretary, in consultation with Interior and FAA, to publish a management plan to remove Canada geese residing on NPS land within five miles of any commercial airport.

Section 2. Definition of secretary.

This section defines the term “Secretary” for the entire act as the Secretary of Agriculture.

ADDITIONAL, SUPPLEMENTAL, OR MINORITY VIEWS

ADDITIONAL VIEWS OF SENATOR ROBERTS

While I agree with much of the content of the committee report, I regretfully file these additional views to clarify committee action and consideration of the Senate Committee on Agriculture, Nutrition and Forestry originally reported bill, S. 3240.

TITLES I, II AND XI

The devastating drought impacting the vast majority of the country puts a fine point on the need for many of the provisions included in this bill. The livestock disaster programs will help producers purchase feed when forage and pastureland is destroyed by drought, flood, or other weather-related disasters. These programs can also help producers when mortality rates increase due to natural disasters.

Several crop insurance provisions are also designed to help producers manage risk in the face of severe weather events. Specifically, the increase in yield plugs in Section 11006 would help producers maintain yield coverage guarantees even after a disaster, and allowing the split of irrigated and non-irrigated enterprise units in Section 11004 would be invaluable in years such as this when rainfall is scarce.

This bill also revises the emergency haying and grazing provisions of the Conservation Reserve Program, eliminating the rental rate reduction for producers affected by drought and other emergencies.

TITLE IV

The USDA Supplemental Nutrition Assistance Program (SNAP) provided a total of \$71.8 billion in food benefits to an average of 44.7 million people per month in fiscal year 2011. While USDA should continue efforts on access for needy Americans, Congress and USDA must strive to eliminate waste, fraud, and abuse within the nutrition assistance programs. The bill addresses waste, fraud, and abuse with provisions outlined below.

First, the bill takes a small step toward stopping States from taking advantage of the Low Income Home Energy Assistance Program (LIHEAP) loophole, where at least 17 State agencies annually issue as little as \$1.00 in LIHEAP benefits to increase monthly SNAP food benefits by \$90.00 (\$1,080 per year). Each State develops and uses a simplified Standard Utility Allowance (SUA), a fixed dollar amount representing the average household energy costs in the State, to determine the SNAP utilities expense deduction when calculating households' SNAP food benefits. Households that qualify for the SUA will typically receive a higher than average amount of monthly SNAP food benefits. To qualify for the SUA,

in most cases, households must provide actual utility bills. Households do not normally qualify for the SUA if they do not pay utilities out of pocket. An exception is LIHEAP. SNAP allows households that receive LIHEAP but do not otherwise pay utilities out of pocket to claim the SUA, thus increasing households' monthly SNAP food benefits. To narrow this "LIHEAP loophole," the bill raises the minimum LIHEAP payment required to qualify households for the SUA. However, under this provision, States can still confer \$10.00 in annual LIHEAP benefits to qualify otherwise ineligible households for an average of \$1,080 in annual SNAP benefits.

Second, the bill provides additional resources to help USDA fight SNAP food benefit trafficking. The percentage of SNAP food benefits trafficked reached an historic low of 1 percent, but totaled over \$700 million in FY2011. The Committee will continue to work with USDA to improve program integrity.

Third, the bill terminates SNAP food benefits for households with substantial lottery or gambling winnings. Winners may re-apply for SNAP, but will not receive food benefits if SNAP eligibility requirements are not met.

Overall, the nutrition title saves nearly \$4 billion over 10 years by trimming wasteful, abusive practices by States, and makes key investments to help fight fraud. During the Committee Markup, several amendments were filed by Senators to achieve greater program accountability, but unfortunately were not adopted by the Committee. While the bill is a step in the right direction, there is more work to be done to safeguard the American taxpayers' investment in food assistance. Program improvements the Committee should consider in the future include but are not limited to the following:

1. Eliminating the LIHEAP Loophole. As described above, States should not have the ability to leverage nominal LIHEAP payments for billions of dollars in Federal expenditures. According to the CBO, a complete elimination of the LIHEAP loophole would save taxpayers an estimated \$13.96 billion over 10 years (Of note, on September 26, 2011, CBO estimated the complete elimination would save \$8.372 billion over 10 years; the amount potentially saved increased by 60 percent due to food price inflation, additional States participating, and increased use by previously participating States.).

2. Restoring Program Integrity for SNAP by limiting SNAP Categorical Eligibility to cash assistance. Today, 43 States are gaming the system to qualify otherwise ineligible households for SNAP. Under current law, States have the option of using "broad-based categorical eligibility," or automatic eligibility (Cat-El) for recipients of the Temporary Assistance for Needy Families program (TANF). Cat-El was originally intended to help streamline States' administration of SNAP by allowing households to be certified as eligible for SNAP without evaluating household assets or gross income if the household received assistance through TANF. However, at the encouragement of USDA in a 2009 policy memo to States, States are exploiting an unintended loophole of TANF-provided informational brochures and informational 1-800 numbers to maximize SNAP enrollment and the corresponding increase in Federal

food benefits. According to CBO, limiting SNAP Cat-El to TANF cash assistance would save \$10.045 billion over 10 years.

3. Eliminating Inflation Adjustments for Countable Resources. The 2008 farm bill indexed the SNAP asset requirements to inflation using the Consumer Price Index to gradually increase the pool of households eligible for SNAP, and to encourage savings for current SNAP participants (liquid assets are used to calculate SNAP eligibility along with gross income, and current liquid asset limits are \$2,000 for most adults and \$3,000 for the elderly and disabled.). While individuals' savings should be encouraged, increasing the Federal cost of SNAP by expanding eligibility should not be encouraged. Savings of \$234 million over 10 years would result from maintaining current SNAP asset levels without expanding eligibility over time due to inflation.

4. Eliminating SNAP State Bonuses. Under current law, USDA awards \$48 million each fiscal year to State agencies for "Best Program Access" (signing up as many households for SNAP as possible); "Most Improved Program Access" (how many additional households signed up for SNAP compared to the previous year); and "Best Application Processing Timeliness" (handling SNAP applications within required guidelines). In essence, State agencies are rewarded for performing what the taxpayer should expect, at a minimum, for stewardship of the tax dollar. The bonuses are not required to be used for SNAP administration; the State may choose to use the funding for any State priority. Savings of \$480 million over 10 years would result from ending the State bonuses.

5. Eliminating Duplicative Employment and Training (E&T). The Government Accountability Office reported in January 2011 there are 47 Federal employment and training programs at an annual cost of \$18 billion. SNAP participants should utilize the existing Department of Labor's Workforce Investment Act (WIA) programs. Some States already contract with WIA programs to conduct the State's SNAP E&T programs. USDA provides a total of \$99 million in base program funding to State agencies each fiscal year to operate SNAP E&T programs. In addition to the base program funding, States have the option of providing their own funding to their State E&T program, which USDA is required to match dollar for dollar. In FY2010, 4 States received over 78 percent of the total 50/50 match funding, including New York (36 percent), California (20.2 percent), Pennsylvania (12.4 percent), and New Jersey (9.7 percent). This optional 50/50 Federal match is uncapped, and can be used by States to provide reimbursement for participants' expenses that are "reasonable and necessary and directly related to participation in E&T," including union dues, test fees; clothing and tools required for the job; relocation expenses; licensing and bonding fees; transportation; and child care. Eliminating the SNAP E&T programs would save \$3.806 billion over 10 years.

6. Eliminating Inflation Adjustments for Emergency Food Assistance Resources. The 2008 farm bill indexed the annual program amount to inflation using the Consumer Price Index. Under current law, TEFAP provides \$260 million annually in USDA-purchased commodities to food banks. While food bank donations are important, food banks should rely more on private donations and less on

the American taxpayer. Savings of \$330 million would result from ending the increases in program spending due to inflation.

7. Eliminating the SNAP Nutrition Education Federal block grant program. States provide SNAP Nutrition Education to SNAP participants with 100 percent Federal-funded block grants. The funding formula is skewed to only a few States, with the top 4 States receiving over 54 percent of the funding including: California (37 percent); Michigan (6.8 percent); Pennsylvania (6.5 percent); and New York (4.4 percent). Other existing nutrition education programs are delivered more equitably through by other government programs, including, but not limited to: USDA National Agricultural Library “Healthy Meals Resource System”; USDA Center for Nutrition Policy and Prevention “MyPlate.gov”; USDA Food and Nutrition Service—“Eat Smart, Live Strong materials for Older Adults”; National Institute of Health “Eat, Think, and Be Active”; National Food Service Management Institute; and the Land Grant University Extension Programs. Ending the SNAP Nutrition Education program would save \$4.296 billion over 10 years.

8. Terminating the Stimulus’ Temporary Increase in SNAP Benefits. The American Recovery and Reinvestment Act of 2009 (ARRA) included a temporary increase to SNAP food benefits. The current end date for the temporary increase is October 31, 2013. The end date had been moved up twice in FY2010 to pay for education jobs and Medicaid (cut \$11.9 billion from SNAP), and school meals programs (cut \$2.5 billion from SNAP). Terminating the temporary increase would save taxpayers \$5.289 billion over the next 10 years, which represents less than a 0.7 percent cut to SNAP food benefits over 10 years.

While the Committee report states “that SNAP will shrink to nearly pre-recession levels as the economy recovers,” CBO estimates the SNAP program will continue to cost taxpayers at least twice as much as compared to the \$33.2 billion it cost in 2007 which was before the recession. The CBO estimates Federal expenditures for SNAP will remain above \$72.6 billion per year for at least the next 10 years. In this budget climate, it is absolutely critical that Congress reign in the out of control spending and reinstitute program integrity for the SNAP program.

TITLE IX

Unfortunately, the committee report fails to accurately reflect the views of the entire Committee with regard to the Energy Title. The various Energy Title programs have broad based support, but given the budget climate in which the Agriculture Reform, Food and Jobs Act of 2012 has been developed, the future funding for these programs should be maintained as discretionary budget items, and not provided mandatory spending through the bill.

The 2002 and 2008 Farm Bills each made 5-year investments in several USDA energy programs. With these bills, Congress created programs providing for outreach, education, and the development of new technology, markets and feedstock production. As with any federal government program, Congress must be careful not to adversely impact existing markets, especially when providing significant federal financial resources for the program. For example, implementation of provisions of the Energy Title of the 2008 Farm

Bill resulted in adverse impacts to wood products markets. The reported bill strives to correct the administrative decisions USDA made while implementing that legislation.

As demand for energy increases, our nation's energy policy should foster growth in all aspects of energy production including both traditional and renewable resources.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that, in its opinion, it is necessary to dispense with the requirements of that paragraph in order to expedite the business of the Senate.

