



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ELIOT SPITZER
GOVERNOR

June 7, 2007

Dear Chairman Peterson:

New York State has 36,000 family farms working day in and day out to produce an abundance of fresh, healthy, and wholesome food for our 19 million consumers. Agricultural industry occupies one-quarter of our state's land and contributes immensely to the quality of life by producing jobs, economic activity, and wholesome products to nourish our families. Therefore, one cannot underestimate the importance and the impact that federal farm policies have on our State.

Earlier this year, I highlighted reauthorization of the federal farm bill as one of the top items on my federal agenda. Working with the Department of Agriculture and Markets, the Department of Environmental Conservation, the Office of Temporary and Disability Assistance, and the Department of Health, my staff has developed the attached detailed and specific list of programs and provisions to be included in the bill of importance to the State of New York. I'd like to highlight New York's highest farm bill priorities here.

Dairy farms play an essential role in the economic well-being of Upstate New York. Our dairy industry employs over 6,200 dairy farmers, produces 12 billion pounds of milk annually, and generates almost \$2 billion in farm revenue. New York is home to more than 100 dairy processing plants and ranks third in the production of milk, behind only California & Wisconsin.

Despite these statistics, the state of family dairy farming in New York has never been more desperate. Crippled by a 'perfect storm' of skyrocketing fuel costs, high property taxes, rising input costs, and weather disasters, dairy farmers have been busy paying off debts and making ends meet rather than enjoying the modest increases in prices. It's clear that our dairy farmers – and the communities they support – need expanded, enhanced, and extended safety-net programs. Certainly, producers in New York would benefit most from a regional pricing system, like the Northeast Dairy Compact, that recognizes the high utilization of Class I milk in the Northeast; however, in the absence of such a system, the farm bill must continue the Milk Income Loss Contract program as a basic safety net program for all dairy producers.

The Food Stamp program (FSP) is a vital program that benefits 1.8 million New Yorkers in greatest need. Despite recent increases in participation and significant reductions in state error rates, challenges within the FSP remain. There are simply too many households eligible for benefits that do not participate, particularly among the working poor. The FSP is also complicated and inflexible, which creates an additional barrier to entry. States need the flexibility to develop and implement systems that enable more eligible individuals to receive food stamps.

I urge Congress to streamline administration of the FSP by simplifying its application and benefit procedures and restoring eligibility to all documented immigrants. Further, increasing the asset limits and the minimum benefit to more realistically reflect today's prices will go a long way toward increasing access to food stamp benefits. Also, I urge Congress to reinstate balance to the federal share of cost reimbursement for State administrative costs, a figure that has slipped by 40-50% in recent years, costing New York taxpayers millions of dollars.

For over a decade, food stamp value has declined, and the costs of healthy food options, such as fruits and vegetables, have risen, making it impossible for many recipients to receive proper nutrition while staying within the FSP. I strongly support renewal and expansion of the farm bill's many worthwhile food assistance, farmers market, farm-to-table, and fruits and vegetables programs.

Our state and our region are losing farmland to non-agricultural uses at alarming rates. Federal conservation programs are already widely utilized and in high demand across our state; these increasing environmental and development concerns make additional funding essential. In particular, the Farm & Ranch Land Preservation Program (FRPP) should be allotted an additional \$300 million and program flexibility must be included -- notably recognizing farm viability and soils conservation as priority preservation programs. The farm bill must also include a strong forestry title, administered by the United States Forest Service in conjunction with the states. Funding for the Environmental Quality Incentives Program (EQIP) should be increased to \$2 billion annually and should give states the ability to identify and reward the most cost effective producers of environmental benefits.

This farm bill should provide increased funding and program flexibility for specialty crop programs, including research and development of production, harvesting, and handling techniques, earmarked funds within EQIP to ensure fruit and vegetable producers are given better access to the Conservation Security Program (CSP), and opening up USDA's commodity, conservation, and disaster assistance programs, in which specialty crop producers have traditionally had limited opportunity to participate. Such changes will provide tangible benefits and bolster the sustainability of our specialty crop sector.

As a longtime supporter of organic agriculture, I am pleased to advocate for proposals that would make organic farming an increasingly viable alternative for farmers in New York State and the nation. I strongly support increasing the funding authorization for organic agriculture research and development. I strongly support legislative efforts to expand the collection and reporting of agricultural data on organic products. I strongly support the proposal to increase federal cost-share assistance to producers seeking USDA organic certification.

As our nation commits to reducing importation and consumption of fossil fuels, and public policy makers develop clean energy strategies, we must be sure to address both the supply side and the demand side of the energy equation. The time is right to focus on farmland energy conservation and renewable energy production. That focus must not be fixed on only one or two types of renewable energy. New York has the capacity to develop certain biofuels from agricultural byproducts and feedstocks suited to our region.

With the agriculture committees in both houses of Congress working quickly to move their versions of the 2007 farm bill to the House and Senate floor, I respectively submit these priorities for your consideration and review. I look forward to working with you in the coming weeks to advocate for the agricultural and conservation needs of New York State and the nation. If you, or members of your staff, have any questions or concerns, please feel free to contact Derek Douglas, Director of my Washington office, at (202) 434-7100.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Spitzer', with a long horizontal stroke extending to the right.

Eliot Spitzer

Representative Collin C. Peterson, Chairman
House Agriculture Committee
1301 Longworth House Office Building
Washington, DC 20515

Title I – Commodities – Dairy

- **Milk Income Loss Contract program (MILC):** New York’s dairy farmers would benefit most from a regional pricing system that recognizes the high utilization of Class I milk in the Northeast. In the absence of such a system, however, the farm bill must continue the MILC program as a basic safety net for all dairy producers. It must be extended at the same 34 percent level of support but with a doubling of the cap to 4.8 million pounds or roughly the milk produced by a 270-cow dairy. By doubling the cap, most of New York’s family farms will be eligible to receive the maximum amount allowed under this program.
- **Establish Price Floor for Class I Milk:** New York supports the American Dairy Farmer Protection Act (HR 1583), introduced by Congresswoman Kirsten Gillibrand, which establishes a floor price of \$15.58 per hundredweight for Class I milk. In doing so, we can ensure, as did the Northeast Dairy Compact when in effect, that producer payments never drop below a certain price level, thereby providing our dairy farmers with much-needed stability in an increasingly volatile federal pricing system.
- **Federal Milk Marketing Order (FMMO):** The FMMO system still provides a needed function, especially in New York, where smaller farms remain the norm. Nonetheless, FMMO is a system in need of reform, such that there is a time certain deadline under which the Secretary of Agriculture must make a decision after a hearing. Also, USDA should be encouraged to utilize negotiated rulemaking and/or hosting “pre-hearings” to undertake dialogue with the industry and affected parties.
- **Dairy Export Incentive Program:** This program, which aims to encourage trade and expand overseas markets for local producers, should be extended to the extent permitted by subsequent trade agreements.
- **Dairy Options Pilot Program and the Dairy Forward Contracting Pilot Program:** The Dairy Forward Contracting Pilot Program allows proprietary cheese processors and cooperatives regulated under Federal Orders to offer their members a forward contracting program. The Dairy Options Pilot Program allows producers to gain actual experience in trading milk options. New York’s farmers will benefit from reimplementation of these two programs nationwide.

Title I: Commodities – Program & Specialty Crops

- **Direct Payments:** While New York is not a leader in production of corn, wheat, feed grains or soybeans, there remains a significant need to provide some level of support for program crops, as New York’s farmers did receive nearly \$95 million in direct payments in 2005.
- **Flex Acres:** The Administration’s proposal to allow planting flexibility of fruits and vegetables on program base acres should be rejected. If there is a need to address WTO concerns, they should follow the lead of HR 1371 and end subsidies to farmers who plant alternative crops while also removing the penalties.
- **Marketing Loans:** Loan deficiency payments (LDPs) must be improved so that farmers can lock into them prior to harvest. This would assist growers who often receive less of the LDP than their Midwest counterparts due to New York’s harvest being later than the Midwest.
- **Specialty Crops Block Grants:** Specialty crops are a vital component of New York’s agricultural industry, contributing 30 percent of the state’s farm revenue. Specialty crops block grants have proven to be a useful and needed tool to assisting New York specialty crop farmers with growing and diversifying as well as marketing their products. New, mandatory spending of \$5 billion over ten years is a good first step.

Title II: Conservation

- **Increase Total Payment Caps:** Conservation programs allocate funds between states based on formulas that fail to account for development pressures like those seen in New York. For instance, riparian buffer rental payments that more accurately reflect New York land values would increase implementation and provide clear water quality (surface and ground water), air quality, flooding and habitat benefits. Changes to current payment formulas would encourage New York landowner participation in multiple conservation practices.
- **Provide Greater Administrative Flexibility:** Conservation goals can be optimized by increasing coordination between local, state and federal agencies through data sharing and leveraging financial resources. New York needs flexibility to strategically allocate available funds based on established priorities.
- **Farm & Ranch Land Preservation Program (FRPP):** Enhance FRPP by authorizing an additional \$300 million in funding and establishing additional program flexibility, including recognition of farm viability and soils preservation as priorities. Ensure that FRPP will be cooperative with and subordinate to state farmland protection programs. New York State does not currently participate in the FRPP because of its unduly restrictive guidelines.
- **Environmental Quality Incentives Program (EQIP):** Increase funding authorization to \$2 billion and allow states to identify and reward cost effective producers of environmental benefits. Expand EQIP to support implementation of alternative manure utilization or treatment technologies and conversion to organic agriculture incentive payments.
- **Conservation Loan Program (CLP):** Create a guaranteed loan program to supplement other public funds for environmental stewardship investments & installation of conservation systems.
- **Conservation Security Program (CSP):** Expand the scope and eligibility of the CSP so that all producers can participate in the program and improve the program's relevance for dairy and vegetable farmers. Ensure that CRP can be implemented effectively by providing sufficient resources for technical assistance through Natural Resources Conservation Service.
- **Conservation Reserve Enhancement Program (CREP):** CREP should be continued within the New York City Watershed, where it is very popular and highly successful. The farm bill should be amended to allow farmers the option of a permanent easement. The current bill only offers 10- or 15-year easements on eligible land. Permanent easements would ensure long-term water quality and natural resource protection on farms throughout the Watershed.
- **State Technical Committees:** Provide that State Technical Committees (STCs) are more than just advisory committees. STCs should be the vehicle to direct NRCS programs to areas of need. They should be accountable, not advisory, for effective program delivery.
- **Comprehensive State Conservation Plans:** Require that states must have a developed State Conservation Plan that has been approved by the State Technical Committee and meets NRCS objectives and standards. This would allow New York State to build our AEM program into Farm Bill activities by, for instance, using AEM to screen for programs such as CSP.
- **NRCS Technical Assistance:** Increase funding for conservation technical assistance at NRCS and Soil & Water Conservation Districts. Also, increase NRCS organic technical expertise with training or competency requirements so NRCS staff may provide farmers with this assistance.
- **Composting Carcasses:** Establish an NRCS program to provide technical assistance to livestock farms on proper methods of composting carcasses. Funding for farmers who do not have resources available to compost properly should be considered. Environmentally unsound disposal practices pose risks to surface and groundwater resources and can promote disease transmission through the herd.

Title II: Conservation (continued)

- **Conservation Innovation Grants & Air Quality:** Currently, no catalogue of accepted air conservation practices exists. Without these tools, locally-led environmental initiatives have no way to respond to public demands for protection of air quality. The farm bill should increase funding for Conservation Innovation grants to address air quality issues and support methane recapturing systems for use in greenhouse gas offset programs.
- **Streamline Application and Administrative Processes:** More creative allowances in program administration would allow greater county-level cooperation with existing State and federal resources and would greatly improve farm bill program delivery services. Condensing the application and administrative processes into a single subscription for all programs will increase participation and resulting economic and environmental benefits.
- **Provide Yield Insurance:** Sustainable source control practices, including innovations in prescribed feed and forage management and reduced fertilizer use, can be difficult to promote because of initial risk to farm yields. The availability of yield insurance in farm bill programs would reduce economic risk and encourage implementation of innovative, sustainable practices.
- **Wildlife Habitat Incentives Program (WHIP):** To meet landowner and conservation needs, funding for WHIP should be reauthorized at \$100 million annually, increasing to \$300 million over the course of the farm bill. Continue special allocations to target resource needs for national priority fish and wildlife species.
- **Wetland Reserve Program (WRP):** Reauthorize the program and increase the annual acreage allocation to 300,000 acres per year and remove the national cap.
- **General:** Include incentives, such as grants for planning, implementation and technical assistance, for states that are progressive and that contribute matching dollars for programs. Support consolidation and streamlining of programs currently administered by FSA to NRCS.

Title III: Trade

- **Technical Assistance for Specialty Crops (TASC):** The TASC program has been critical in assisting producers with addressing specific sanitary and phytosanitary non-tariff trade barriers, but the program has been oversubscribed and is in need of additional funding.
- **Market Access Program (MAP):** This program is a successful public-private partnership that assists in leveling the playing field for New York producers competing against countries with lower production costs. MAP should be authorized for \$325 million annually.
- **Foreign Market Development Program (FMD):** Authorize FMD program, used to develop, maintain and expand long-term export markets for US agricultural products, at \$50 million.

Title IV: Nutrition

- **Increase Eligibility & Minimum Benefit:** Make all lawfully-present non-citizens eligible for Food Stamps. Increase compatibility of eligibility requirements with other federal programs, such as TANF. Increase the minimum food stamp benefit from the current \$10 level.
- **Simplify Procedures:** Simplify application and benefit calculation procedures. Permit children under parental control of a non-parent relative to be a separate food stamp program household.
- **Resource Limits:** Give states the option of raising the FS resource limit to align with Medicaid.
- **Restore Cost-Sharing Balance:** Restore balance to federal share of cost reimbursement for State administration of FSP, as the figure has slipped to 40-50%.

Title IV: Nutrition (continued)

- **Demonstration Projects:** Permit greater “cost-neutrality” flexibility for demonstration projects.
- **Expense Deductions:** Permit additional standardization of expense deductions, in particular medical expenses. Allow states the option of treating dependent care expenses as either income exclusion or a deduction or at least remove the cap on dependent care expenses.
- **Farmers Markets Programs:** Increase funding to \$75 million to expand the Seniors Farmers Market Nutrition program and increase the value of the annual benefit that an individual can receive. Increase funding for the Farmers Market Promotion Program to \$21 million.
- **Electronic Benefits Transfer (EBT):** Provide \$20 million for a competitive grant program designed to speed development and deployment of wireless EBT at farmers markets.
- **Fruit & Vegetable Purchases:** Increase funding for the purchase of fresh fruits and vegetables through the National School Lunch and Breakfast Program, the Fruit and Vegetable Pilot Program and the various food assistance programs.

Title V: Credit

- **Farm Credit/Horizons:** Expand, on a limited basis, eligible businesses that are able to borrow from Farm Credit. This would include only businesses that are primarily engaged in providing inputs directly to producers (local farm equipment dealers feed and seed dealers, commercial fishing vessel repair services) or that purchase or handle farm products directly from producers (local grain elevators, value added processors).
- **Organic:** Mandate fair treatment for organic farming by eliminating 5% charge for organic farmers and require that crop insurance cover losses at organic, not conventional, prices.

Title VI: Rural Development

- **Farm and Ranch Profitability Grant Program (FRPG):** Establish a Farm and Ranch Profitability Grant Program funded at up to \$1 billion annually to be administered by state departments of agriculture to provide grants to improve the profitability of farms and support state, local, and farm level programs to promote market development and advertising, business planning, ownership modeling, and product development.
- **Agricultural Innovation Center Grants:** Reauthorize Ag Innovation Centers grants and fund as an independent line item rather than using Value-Added Producer Grant funds.

Title VII: Research

- **Specialty Crops:** Provide funding for specialty crops research to include advancing plant breeding genetics and genomics.
- **Bioenergy:** Reauthorize funding for research and development on production of bio-based fuels, including feedstock production, harvesting, transport, and storage, including a priority being placed on cellulosic ethanol production.
- **Organic:** Set aside 2.5% of \$1.5 billion for all USDA research for organic programs. Provide funding for data collection at the national level for ARS, so that it can publish organic production and market data, and provide actuarial numbers needed for crop insurance.

Title VIII: Forestry

- **Strong, Separate Forestry Title:** New York's forests are critical to environmental sustainability, water quality, threatened and endangered species habitats, and forestry programs must be a vital component of the next farm bill, deserving of their own title, administered by the U.S. Forestry Service in partnership with State forestry agencies.
- **Reauthorize Forest Land Enhancement Program & Forest Legacy Program:** Support the re-authorization of the Forest Land Enhancement Program (FLEP), which provides an incentive facilitating installation of forestry practices on non-industrial forest land, and the Forest Legacy Program (FLP), which provides financial assistance to states to prevent forest fragmentation and enhance the conservation of forest lands.
- **Forest Health:** Expand federal support for federal agencies, in participation with states, to monitor and manage invasive forest health pests as part of a comprehensive Forestry Title.
- **Community Forestry:** Create of a Community Forestry and Open Space Conservation Program in the 2007 Farm Bill to enable municipalities and counties to acquire forest areas that are economically, culturally and environmentally important and that are threatened by conversion to non-forest uses.
- **Forestry Planning:** A state planning and prioritization process for private forest lands needs to be established to develop state forest plans that outline threats to the sustainability, management and conservation of the State's privately owned forests. Plans should include goals and strategies for addressing identified threats and a program to monitor progress toward reaching goals and implementing strategies in the plan.
- **Keep Forests as Forests:** Provide technical, educational and outreach assistance to private non-industrial forest landowners through existing efforts like the Forest Stewardship Program.

Title IX: Energy

- **Renewable Energy Reserve Program (RERP):** Establish the RERP to provide landowner incentives that would make this commitment more attractive, similar to CRP. Under RERP, landowners would sign up for 10-15 year agreements, and would, like CRP, receive annual rental payments, plus a 50% one-time reimbursement for crop establishment or land improvement.

Title X: Miscellaneous

- **Risk Management:** Improve crop insurance provisions to include greater funding for crop insurance programs with a focus on innovative state run programs like AGR-Lite. Improve whole farm revenue programs by reducing deductibles, including crop insurance and Noninsured Crops Disaster Assistance as allowable in the 5-year income history and providing higher revenue guarantees. Also, develop more comprehensive approaches such as revenue assistance programs for all producers.
- **Invasive Species:** Fully fund the cooperative plant pest, disease early detection and rapid response programs within USDA at \$500 million. Create an additional \$100 million grant program under APHIS to fund State efforts to identify foreign pests of economic consequence.
- **Farm Viability:** Provide funding for a Center for Dairy Excellence or Northeast Dairy Leadership Team.