

NASDA's 2002 FARM POLICY INITIATIVE
WORKING DOCUMENT FOR THE RURAL DEVELOPMENT & FINANCIAL SECURITY COMMITTEE
JUNE 2000

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U.S. Agriculture Profile RISK MANAGEMENT	Tools to Succeed (Policies/Options)	Comments/ Recommendations
<p><i>AMTA vs. Supply Management</i></p> <p><i>AMTA payments affect supply as well as declining/ distorting production and inequalities in programs and market distorting effects of government programs. Supply can be affected by several factors.</i></p> <p><i>Other policy options include:</i></p> <ol style="list-style-type: none"> <i>1. Adjust Loan Rates</i> <i>2. Recourse vs Non-recourse loans</i> <i>3. LDP indexing</i> <i>4. Identity Preserved Grain (IPG), and storage facility</i> <i>5. Replacement of capital equipment. Tax exempt bonds on a state basis.</i> <i>6. Qualify banks directly for guaranteed farm equipment loans</i> <i>7. Aggie bonds</i> 	<p><i>NASDA does not have specific policy on AMTA vs. Supply Management</i></p>	
<p><i>Public Safety Net</i></p> <p><i>Land is being diverted to other uses, such as pine plantations, and producers are unable to acquire adequate land for crop production. Immediate steps should be taken to protect the rights of tenants and</i></p>	<p>NASDA policy 12.6 supports protection for tenants and sharecroppers.</p> <p>NASDA policy 12.9, states that the USDA should cooperate with the state departments of agriculture in the regulation of agricultural commodities' warehouse activities to provide producers with the best protection possible while subjecting the industry to the minimum amount of regulatory oversight necessary at the least cost to the taxpayer.</p>	

U.S. Agriculture Profile RISK MANAGEMENT	Tools to Succeed (Policies/Options)	Comments/ Recommendations
<p><i>sharecroppers' availability to land previously rented or cropped, and eligibility for transition payments where they have established crop production bases on lands owned by others</i></p> <p><i>Other policy options include:</i></p> <ul style="list-style-type: none"> • <i>Counter-cyclical assistance</i> • <i>AMTA</i> • <i>Farmer minimum wage</i> • <i>Supplemental Income Payment (S.I.P.)</i> • <i>"Green" payments</i> • <i>"SAFE" Program</i> • <i>"Compensation" for unfunded mandates</i> • <i>Disaster assistance trust fund</i> 	<p>The establishment of a dairy industry security reserve fund would help to protect American dairy producers from losses resulting from bankruptcy of a processor/handler. This fund could be funded through assessments on processors not to exceed two cents per hundredweight. Producers who suffer a loss because of the bankruptcy of their processor/handler could make a claim against the fund for unpaid milk shipments to that handler. NASDA believes that the absence of adequate protection in many states, together with the confusion that is created for processors who have operations in several states with a variety of different producer security laws, requires that this problem be resolved at the federal level.</p>	
<p>Private Sector Tools</p> <p><i>Other policy options include:</i></p> <p><i>Futures, Options (Cargill A plus)</i> <i>On Farm Storage</i> <i>Perishable Agricultural Commodities Act (PACA)</i></p>	<p>NASDA does not have specific policy on private sector tools, but discusses the issue of PACA</p>	
<p>Crop Insurance</p> <p><i>Risk management encompasses education, marketing, and primarily crop</i></p>	<p>NASDA Policy discusses crop insurance as follows</p> <p>As farmers are exposed to unpredictable and unusual risks, it is essential</p>	

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<p><i>insurance programs. Covering production costs and ensuring a minimum price are two elements to consider in a crop insurance/risk management proposal.</i></p> <p>Disaster Situations — <i>Disaster situations in agriculture are inevitable. The challenge for lawmakers and the federal government is to develop a program or plan to lessen the impact of such disaster</i></p> <p><i>Many areas of the country have been impacted by disaster situations and have experienced significantly reduced yield guarantees and/or increasingly higher premiums. In some cases, yield guarantees have been severely impacted by disease and insects even though areas might not have received disaster declarations. The result is that multi-peril crop iStates Congress should review the effectiveness of risk management tools and explore all options to provide farmers with improved risk management tools.</i></p> <p>EDUCATION — <i>Education is an important component of any risk management plan. The USDA should educate producers and lenders about risk management</i></p>	<p>that a crop insurance/risk management plan cover, at a minimum, the input cost of production to a producer. In addition, the federal government should ensure the stabilization of prices received by farmers while at the same time ensuring that such stabilization of prices does not distort production levels. Major, sustained low price levels cannot be protected against with an insurance program that is required to be actuarially sound. Price protection must be provided by separate farm policy. Substantial federal support to producers must be provided during low price periods.</p> <p>Crop insurance coverage must be meaningful and comprehensive. At the same time, premiums must not be cost prohibitive for producers. While current federal policies give producers more flexibility in making production decisions, alternative and non-traditional crops have and will continue to proliferate and must be included in crop insurance coverage. Crops currently not insured and non-traditional crops should be covered by crop insurance. A crop insurance program should be designed to promote innovation and alternative crops. Additional resources will be necessary to aggressively expand insurance coverage to all crops and livestock. Premium subsidies should be higher for higher levels of coverage and lower for lower levels of coverage, encouraging producers to carry more coverage.</p> <p>Prevented Planting: The restriction on prevented planting eligibility for land with a “pre-existing condition” of more than two years is unreasonable in cases of standing water. Determinations of whether prevented planting due to wet conditions is pre-existing or a new occurrence of the same problem is extremely difficult to verify and administer with consistency. The restrictions of these provisions should be relaxed so producers are not unduly penalized by being determined ineligible for prevented planting coverage.</p>	

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<p><i>strategies.</i></p> <p><i>The Risk Management Agency's dairy options pilot program concept should be expanded to other traded commodities. By combining crop insurance and risk management tools, farmers can develop a total risk management plan. This approach enables a farmer to move into a more market-oriented world.</i></p> <p>First-time Farmers — <i>As the average age of the American farmer rises, Congress must find ways to attract younger farmers into the business. Without a generation to pass the farm onto, the United States leaves itself vulnerable. Possible incentives are lower farm revenue insurance premiums, targeted risk management programs, and tailored training and education programs. Free CAT coverage is offered to limited resource farmers and a greater premium subsidy should be provided for the beginning farmers. The federal government should provide incentives for increased participation by younger generations.</i></p> <p><i>Other policy tools include:</i></p> <ul style="list-style-type: none"> <i>Cost-of-production (COP)</i> 	<p>Participation: <i>Federal assistance should be contingent upon a producer's participation in the crop insurance program. Crop insurance should be mandatory in order for producers to receive assistance. Crop insurance must provide meaningful coverage and provide incentives for farmers to purchase the insurance.</i></p> <p><i>An appropriate role for the producer, the federal government and private insurers must be established. Primary delivery of catastrophic (CAT) crop insurance should be through the Farm Service Agency. Buy-up coverage should be available through insurance companies, in conjunction with federal government underwriting and subsidies. Premiums must be affordable and should provide incentives for producers to carry higher rather than lower levels of coverage. Crop insurance programs should be developed on a regional and/or state basis. The states should have a role in crop insurance programs as they are uniquely positioned to handle the administration of the federal portion of the crop insurance program. To improve efficiencies, the USDA and state departments of agriculture should consider cooperative agreements where appropriate.</i></p> <p><i>Additional elements of a crop insurance program to consider are whole farm revenue insurance and long-term reserve accounts. Whole farm revenue insurance would allow producers to purchase insurance guaranteeing a certain percentage of revenue for the whole farm. It would provide protection against unavoidable losses of production and low prices. Long-term reserve accounts are a way for farmers to save, on a tax-deferred basis, during good times for poorer years.</i></p> <p><i>NASDA supports planning for emergencies involving states, together with any legislative changes. NASDA further recommends that the Federal Emergency Management Agency (FEMA) be given agricultural emergency authority to react to agriculture disasters with expediency as</i></p>	

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<p><i>(AgriLogic Concept) vs. Traditional Programs</i></p> <ul style="list-style-type: none"> • <i>“FPIC re-insurance”</i> 	<p>they are accustomed to dealing with other emergency situations.</p> <p>NASDA would recommend that years for which disaster declarations have been made and/or where prevented planting has occurred shall be excluded when calculating APH yield.</p>	
<p>Information Access</p> <p><i>Rural communities need access to technology and funding for this service is needed. Easily accessible and affordable internet access and government assistance for technology to rural areas can make technology accessible.</i></p>	<p>NASDA does not have specific policy addressing information access for rural communities.</p>	

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<p>Infrastructure</p> <p>A deteriorating U.S. transportation infrastructure for agriculture will lead to an expensive overhaul of the domestic rail system. We need an improved and reliable transportation system for agriculture (rail and river)</p>	<p>No specific nasda policy on infrastructure other than lock and dam maintenance</p> <p>NASDA policy 10.3 supports efforts to fund lock and dam maintenance and improvement programs necessary for the continued operation for safe and efficient commercial navigation on the US rivers and lakes.</p>	

U.S. Agriculture Profile TECHNOLOGY	Tools to Succeed (Policies/Options)	
<p>Research and Development</p> <p><i>The Federal Agricultural Improvement and Reform (FAIR) Act (the 1996 Farm Bill) began the process of fundamental change in agriculture. The seven-year phase out of commodity programs which the legislation initiated, emphasizes the need for greater global competitiveness in agriculture. This increases the demand for sound, progressive agricultural research.</i></p> <p><i>In the past, public investments in agriculture research have paid large dividends to society, and the global, high-tech, environmentally-sensitive era we have now entered requires support of public research. The nation's land grant universities must remain a strategic resource for agriculture and the general public. They must be used wisely and fully to support the needs of an ever expanding domestic and worldwide population.</i></p> <p><i>R&D allows development of new technologies, value added products, vaccines & chemicals. Barriers to</i></p>	<p>NASDA policy states general support for research, but has no specific policy on research and development.</p> <p>NASDA policy 11.9 states that aquaculture should be considered a form of agriculture in the broadest sense and aquaculture products should be viewed and treated as agricultural commodities. NASDA believes regulatory constraints imposed upon the aquaculture industry should be clarified, streamlined, and consolidated.</p> <p>NASDA believes the development of improved processing technologies and new products development represent important opportunities for the aquaculture industry. NASDA endorses the HACCP principles for aquaculture processing and encourages USDA and FDA to provide on-going training for the industry that is both cost effective and focused. NASDA believes the process of development of minimum health standards by USDA should be with the direct involvement of the major aquaculture organizations, insuring coverage of all species groups and uses for the interstate and international movement of aquatic animals and plants.</p>	

U.S. Agriculture Profile TECHNOLOGY	Tools to Succeed (Policies/Options)	
<p><i>research are unclear environmental standards, marketing strategies, need research, extension & market development w/ limited resources.</i></p> <p><i>Other policy options include</i></p> <ul style="list-style-type: none"> • <i>Development of improved processing technologies and new products development.</i> • <i>Value-added products can contribute to domestic and foreign markets.</i> • <i>Adoption of uniform quality standards.</i> • <i>Need federally approved chemicals, vaccines, and therapeutic compounds to increase productivity.</i> • <i>Increase research funding.</i> • <i>Change basic misconceptions in Congress and make research and development a higher priority</i> • <i>Crop Insurance for Aquaculture</i> • <i>Permits for water discharge (cost is too high)</i> • <i>Availability of the Internet</i> 		
<p>Internet</p> <p><i>The internet opens the door for e-commerce and access to information. However privacy/ security concerns, availability in rural areas and state sales tax are obstacles to the success of</i></p>	<p>NASDA does not have policy on the internet.</p>	

U.S. Agriculture Profile TECHNOLOGY	Tools to Succeed (Policies/Options)	
<i>agricultural e-commerce.</i>		

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U.S. Agriculture Profile PRODUCTION - Issue Description	Tools to Succeed (Policies/Options)	Comments/ Recommendations
<p>Production</p> <p>Many factors affect production in agriculture; biotechnology, World Trade Organization agreements (WTO), biotechnology and urban sprawl. Opportunities for agriculture can be found in new uses and increasing world population. Costs can be reduced through technology and precision farming. With U.S. demand flat, we need to be aware of competition whether it is other countries such as Argentina and Brazil or loss of production through urban sprawl and state level restrictions on farm size and structure.</p>	<p>NASDA does not have specific policy addressing the issue of production in agriculture.</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • U.S. Trade Representative’s Office • Research and Development • Affordable access to GPS for farmers <p>“Farming on the Edge”, American Farmland Trust, Center for Agriculture in the Environment Northern Illinois University, DeKalb Illinois, March 1997</p>	
<p>Tax Policy</p> <p>Tax relief serves to lessen financial constraints on family-owned and family-operated operations, including farms, ranches and agribusiness enterprises. Taxes paid on capital gains prove to be disincentives for agricultural producers. Estate taxes have contributed to the gradual extinction of the "family business." As enterprises are passed on, beneficiaries are forced to sell large portions of land, machinery or other assets to simply pay the taxes. The results are that many operations are forced to liquidate some assets or are forced out of business altogether.</p> <p>The Internal Revenue Service (IRS) has informed farmer cooperatives that are organized under both:</p>	<p>NASDA policy 12.7 states that the Internal Revenue Code should be amended to re-establish the marketing aspects of both Subchapter T and Section 521 cooperatives as it relates to a farmer’s product through an animal.</p> <p>NASDA policy 12.7 supports tax incentives which help to strengthen the agricultural industry.</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • Exempt conservation easements from cap. gains tax • FAARM accounts • Income averaging • Health care cost deductibility 	

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<p>Subchapter T, Sections 1381-88 and Section 521 of the IRS (code) that when a commodity is processed through an animal, IRS will NOT deem the proceeds from the marketing aspects of the processing or manufacturing functions to be patronage source income</p>		
<p>Access to Capital</p> <p>Farmers lack access to capital and guaranteed loans. A USDA program for small farm assistance would be useful in overcoming difficulties obtaining loans.</p>	<p>NASDA does not have specific policy supporting access to capital.</p> <p>“Equity for Rural America - From Wall Street to Main Street”, Federal Reserve Bank of Kansas City, August 1999</p>	
<p>Agricultural Credit</p> <p>Lack of financial authority and institutional commitment by rural lenders to invest in rural enterprises are major obstacles to the growth and development of rural America. Government imposed regulations and paper work have made efficient lending and borrower servicing inadequate and too often untimely.</p> <p>The Farm Credit System (FCS) has a long history of working with agricultural borrowers and one of its strengths is an understanding of agricultural enterprises. The FCS should be provided with the authority to finance value added enterprises that may be on-farm or off-farm investments.</p>	<p>NASDA opposes any efforts to restructure the Farm Credit System to the extent that farmers would be replaced on boards of directors with commercial bankers. As a cooperative owned and controlled by its customer-members, any governance structure changes to Farm Credit institutions should require stockholder approval.</p> <p>NASDA believes that funding of State Certified Agricultural Mediation Programs is more important now than ever. NASDA supports the expansion of state mediation programs and urges that risk management/crop insurance, civil rights, rural housing and other rural development issues be added to the programs currently authorized under the mediation expansion. Expansion of mediation programs should include other federal agencies which play a role in land and resource management, such as the Department of Interior, Army Corps of Engineers,</p>	

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<p>Supervisors need to be freed from excessive paperwork requirements to provide adequate common sense supervision and specialized assistance to borrowers based on their needs. Furthermore, improved customer service and flexibility is important to helping customers develop viable long-term production plans and to utilizing creativity in working with borrowers during periods of fluctuating income due to natural causes.</p> <p>Loan guarantees are only permitted once a facility is completely constructed or when specific stages are completed. This is counter productive because in many instances loan guarantees are needed to obtain adequate financing at the beginning stages of a project.</p> <p>As the leading lenders to the agriculture sector, the Farm Credit System and commercial banks compete aggressively to provide the capital necessary to fuel agriculture’s production, processing, and marketing costs. This competition results in lowering borrowing costs and providing better service for farmers, ranchers, cooperatives, and some agribusinesses. In addition, Farm Credit’s presence in the market ensures the availability of credit through the inevitable good and bad cycles of agriculture. Cooperation must exist among agricultural lenders to ensure that the needs of agriculture are met as we approach the 21st Century.</p>	<p>and the Forest Service.</p> <p>NASDA supports the expeditious issuance of regulations requiring USDA agencies to offer mediation in cases where adverse decisions are made, and to attend and participate in a mediation if requested by producers. NASDA believes that auditors, including the Office of Inspector General, be limited to using confidential mediation information only for the purpose of verifying the appropriate expenditures of funds used for mediation and/or evaluating the effectiveness of the program. Confidential mediation information received through such audits/evaluations should not be used for any other purpose unless consented to by all mediation participants.</p> <p>12.4 FARM SERVICE AGENCY <i>FSA Loan Eligibility</i> — NASDA believes that FSA borrowers who previously filed for bankruptcy, or received debt forgiveness or write downs should remain eligible for direct and guaranteed operating loans, provided they are current on their loans under their original or revised plan of operation. FSA has determined that they will offset government payments to any borrower who is 30 or more days delinquent on loan payments. The payments are offset regardless of assignments of the payments to other lenders, or whether the borrower has applied for FSA loan servicing. This rule results in FSA payment being made through offset of government payment ahead of commercial lenders who had prior loans. NASDA urges FSA to reverse this rule and to recognize prior assignments</p>	

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	<p>of government payments, and release the proceeds as agreed to in the plan of operation. FSA should not offset payments until FSA loan servicing actions have been concluded.</p> <p><i>FSA Emergency Loans</i> — Emergency loans are provided to help cover production and physical losses in counties declared as disaster areas by the President or the Secretary of Agriculture. NASDA urges the creation of a new emergency loan program, similar to assistance provided to small businesses, that provides measurable assistance to agricultural producers in disaster situations. We recommend that appropriate loan amount caps be provided in the new program and that the program broaden its eligibility requirements to assist producers who may not currently be eligible for Farm Service Agency (FSA) emergency loans. Further, NASDA recommends that the amount of actual loss demonstrated by the farmer be covered and that the program’s review process for both producer qualifications and agency screening/loan determinations be simplified.</p> <p>NASDA supports providing guarantees on commercially viable rural projects in the early stages of the project’s development.</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • Agricultural credit (12.2) 	

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	<ul style="list-style-type: none"> • Agricultural mediation programs (12.3) • Feasibility studies • Technical Assistance • Farm Service Agency (12.4) • Rural Lending (13.3) <p>Resource(s):</p> <p>“The Farm Credit System: Reckless Past, Doubtful Future”, Bert Ely, November 1999, Ely & Company, Inc. (produced by American Banker’s Association)</p> <p>“Positioning Agriculture and Rural America for the 21st Century”, A Report from the ABA Task Force on 21st Century Agricultural Banking.</p> <p>“Agricultural Outlook and Finance”, Situation and Outlook Report, USDA-Economic Research Service. December 1999</p> <p>“Farm Income Forecast for 2000-A Safety Net for Farm Households?” Agricultural Outlook, January-February 2000, USDA-ERS</p>	
<p>Management Skills</p> <p>To be successful in the world of today's modern farmers, training resources and programs are necessary for successful farming</p>	<p>NASDA does not have specific policy on tools for Leadership & Management Development</p>	

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<p>Information/ Education/ Technical Assistance</p> <p>Farmers need access to sound information and must be able to easily access that information. Research is an important resource for farmers and our Land Grant System should be involved as a resource.</p>	<p>NASDA policy ,14.3 and 14.5, addresses the need for publicly funded research and that our Land Grant System is an available resource.</p>	
<p>Small/ Large</p> <p>A discussion needs to take place on the issue of do we need to save the small farm in light of consolidation and competition. Is there a one size fits all farm policy.</p>	<p>NASDA does not have policy addressing the specific issue of small/ large farms</p> <p>“Successful Small Farms: What Sets Them Apart?”, USDA Agricultural Outlook, Economic Research Service, November 1999</p> <p>Resource(s):</p> <p>“Federal Small Farm Viability Policy”, State of Connecticut, Shirley Ferris Commissioner.</p> <p>“A Sea of Greens” Low income farmers use co-op to create new opportunity, Rural Cooperatives, July/ August 1999, USDA/ Rural Development.”</p> <p>“National Commission on Small Farms-A Time to Act”, A Report of the USDA National Commission on Small Farms, January 1998</p>	

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<p>Dairy Policy An opportunity exists for stability and profitability in the dairy industry. However, at issue in the dairy industry are milk marketing orders, dairy compacts, price fluctuations, production and price.</p> <p>Federal milk marketing orders provide stability to the dairy industry by administering terms of trade, accurate accounting, and giving milk producers reasonable assurance that they will receive proper payment for the milk they market.</p> <p>Milk price fluctuations cause considerable concern and hardship within the dairy industry. Appropriate measures of market supply and demand may be more reliable indicators for products and may be able to provide more stability in milk pricing. A mechanism should be developed with the aim of separating the Basic Formula Price (BFP) from the formula pricing of milk.</p> <p>The Northeast Interstate Dairy Compact Commission was established and has the authority to raise the price paid to dairy farmers by milk processors to levels above the federal minimum level. <u>Any</u> producer selling milk into a pool which markets in the Compact region, is eligible for an increase in price for fluid milk resulting from actions taken by the Compact commission.</p>	<p>NASDA believes that while changes may be appropriate, they should be undertaken only after careful consideration of their long-term impact. Continuation and reform of the federal milk marketing order system should be considered with continued interest in the benefit of producers, processors, and consumers, as well as meeting the objective of maintaining an orderly supply of milk.</p> <p>NASDA believes that consideration and possible adoption of an alternative pricing mechanism should continue throughout the pursuit of market order consolidation and reform. An alternative pricing mechanism should eliminate milk price volatility and promote stability. Consideration should also be given to creating a market development mechanism as a risk management tool and to promote dairy exports. Further, NASDA should be a forum for discussing dairy policy issues among the states with an aim toward developing a consensus within the dairy industry.</p> <p>NASDA believes that states should have the flexibility to create multi-state marketing agreements in order to enhance farm prices within their borders. Such authority would not be intended to permit states to erect trade barriers.</p>	

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<p>Beginning Farmers As the average age of the American farmer rises, Congress must find ways to attract younger farmers into the business. Without a generation to pass the farm onto, the United States leaves itself vulnerable. Possible incentives are lower farm revenue insurance premiums, targeted risk management programs, and tailored training and education programs. Free CAT coverage is offered to limited resource farmers and a greater premium subsidy should be provided for the beginning farmers. The federal government should provide incentives for increased participation by younger generations.</p>	<p>NASDA policy 12.8 supports first time farmer assistance.</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • Lower farm insurance premiums • Targeted risk management programs • Tailored training and education programs. • Free CAT coverage to limited resource farmers • Greater premium subsidy <p>“Policy Recommendations Concerning the Current Crisis in American Agriculture” A Report by the Farm Service Agency State Committee Task Force, USDA-FSA</p>	

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<p>Labor Supply</p> <p>Agriculture is facing a lack of low skilled labor, which is hindered by immigration policy, recent actions by the Social Security Agency and resistance of further immigration, legal or illegal, from the public. We need a workable temporary worker program.</p> <p>Labor laws and other issues are becoming major management problems. A permanent liaison with the Department of Labor should be established within the U.S. Department of Agriculture. This liaison would review rules and regulations that would have the potential to cause additional hardship on produce issues of concerns. The liaison would work with agriculture groups to address.</p> <p>While the federal H-2A program was intended to supply temporary and seasonal alien workers for agriculture, while at the same time protecting the rights of domestic workers, it has proved to be inadequate to meet the labor needs in a timely fashion.</p> <p>Action on this issue is important for several reasons. First, agricultural production in the United States is dependent on an available, qualified and legal temporary work force. Second, no current system is in place that allows an employer suitable options to secure employees when faced with a certain shortage of workers to meet crop production schedules.</p>	<p>NASDA policy 10.2 states support in maintaining fairness and equity within the agriculture community through the development of a strong agriculture infrastructure.</p> <p>NASDA policy 10.2 suggests revising domestic labor laws, creating a new temporary guestworker program, and providing funds to meet current guestworker program requirements i.e. housing and transportation.</p>	

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<p>AMTA vs. Supply Management</p> <p>AMTA payments affect supply as well as declining/ distorting production and inequalities in programs and market distorting effects of government programs. Supply can be affected by several factors.</p> <p>AMTA stands for Agricultural Market Transition Act which is Title I of the FAIR Act of 1996. It allows farmers who have participated in the wheat, feed grain, cotton, and rice programs in any one of the 5 years prior to 1996 to enter into 7 year production flexibility contracts for 1996-2002. Total national production flexibility contract payments (sometimes called AMTA payments, or contract payments) for each fiscal year are fixed in the law. The AMTA allows farmers to plant 100% of their total contract acreage to any crop except fruits and vegetables, and receive a full payment. Land must be maintained in agricultural uses. Unlimited haying and grazing and planting and harvesting alfalfa and other forage crops are permitted with no reduction in payments.</p> <p>There are several government supply control programs which influence the supply of farm products on the market. Some, such as acreage allotments and marketing quotas, are considered mandatory, in that farmers who produce or market in excess of assigned levels can be legally penalized. Others such as cropland set asides, acreage reductions and diversions, and farmer held grain reserves are considered voluntary, in that farmers are usually encouraged to participate through financial incentives.</p>	<p>NASDA does not have specific policy on AMTA vs. Supply Management</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • Adjust Loan Rates • Recourse vs Non-recourse loans • LDP indexing • Identity Preserved Grain (IPG), and storage facility • Replacement of capital equipment. Tax exempt bonds on a state basis. • Qualify banks directly for guaranteed farm equipment loans • Aggie bonds <p>Resource(s):</p> <p>“Risk Management-Assessing Agricultural Commodity Price Variability” Randy Schnepf, Agricultural Outlook, October 1999</p>	
<p>Public Safety Net</p>	<p>NASDA policy 12.6 supports protection for tenants and</p>	

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<p>Land is being diverted to other uses, such as pine plantations, and producers are unable to acquire adequate land for crop production. Immediate steps should be taken to protect the rights of tenants and sharecroppers' availability to land previously rented or cropped, and eligibility for transition payments where they have established crop production bases on lands owned by others</p>	<p>sharecroppers.</p> <p>NASDA policy 12.9, states that the USDA should cooperate with the state departments of agriculture in the regulation of agricultural commodities' warehouse activities to provide producers with the best protection possible while subjecting the industry to the minimum amount of regulatory oversight necessary at the least cost to the taxpayer.</p> <p>The establishment of a dairy industry security reserve fund would help to protect American dairy producers from losses resulting from bankruptcy of a processor/handler. This fund could be funded through assessments on processors not to exceed two cents per hundredweight. Producers who suffer a loss because of the bankruptcy of their processor/handler could make a claim against the fund for unpaid milk shipments to that handler. NASDA believes that the absence of adequate protection in many states, together with the confusion that is created for processors who have operations in several states with a variety of different producer security laws, requires that this problem be resolved at the federal level.</p> <p>Other policy options include:</p> <ul style="list-style-type: none"> • Counter-cyclical assistance • AMTA • Farmer minimum wage 	

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U.S. Agriculture Profile Risk Management - Issue Description	Tools to Succeed (Policies/Options)	Comments/ Recommendations
	<ul style="list-style-type: none"> • Supplemental Income Payment (S.I.P.) • “Green” payments • “SAFE” Program • “Compensation” for unfunded mandates • Disaster assistance trust fund <p>Resource(s):</p> <p>“Natural Amenities Drive Rural Population Change”, David A. McGranahan, USDA Economic Research Service, Report Number 781</p>	
Private Sector Tools	<p>NASDA does not have specific policy on private sector tools, but discusses the issue of PACA</p> <p>Other policy options include:</p> <p>Futures, Options (Cargill A plus) On Farm Storage Perishable Agricultural Commodities Act (PACA)</p>	
<p>Crop Insurance</p> <p>Risk management encompasses education, marketing, and primarily crop insurance programs. Covering production costs and ensuring a minimum price are two elements to consider in a crop insurance/risk management proposal.</p> <p><i>Disaster Situations</i> — Disaster situations in agriculture are inevitable. The challenge for lawmakers and the federal government is to develop a program or plan to lessen the impact of such disaster</p>	<p>NASDA Policy discusses crop insurance as follows</p> <p>As farmers are exposed to unpredictable and unusual risks, it is essential that a crop insurance/risk management plan cover, at a minimum, the input cost of production to a producer. In addition, the federal government should ensure the stabilization of prices received by farmers while at the same time ensuring that such stabilization of prices does not distort production levels. Major, sustained low price levels cannot be protected against with an insurance program that is required to</p>	

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<p>Many areas of the country have been impacted by disaster situations and have experienced significantly reduced yield guarantees and/or increasingly higher premiums. In some cases, yield guarantees have been severely impacted by disease and insects even though areas might not have received disaster declarations. The result is that multi-peril crop states Congress should review the effectiveness of risk management tools and explore all options to provide farmers with improved risk management tools.</p> <p><u>EDUCATION</u> — Education is an important component of any risk management plan. The USDA should educate producers and lenders about risk management strategies.</p> <p>The Risk Management Agency’s dairy options pilot program concept should be expanded to other traded commodities. By combining crop insurance and risk management tools, farmers can develop a total risk management plan. This approach enables a farmer to move into a more market-oriented world.</p> <p><i>First-time Farmers</i> — As the average age of the American farmer rises, Congress must find ways to attract younger farmers into the business. Without a generation to pass the farm onto, the United States leaves itself vulnerable. Possible incentives are lower farm revenue insurance premiums, targeted risk management programs, and tailored training and education programs. Free CAT coverage is offered to limited resource farmers and a greater premium subsidy should be provided for the beginning farmers. The federal government should provide incentives for increased participation by</p>	<p>be actuarially sound. Price protection must be provided by separate farm policy. Substantial federal support to producers must be provided during low price periods.</p> <p>Crop insurance coverage must be meaningful and comprehensive. At the same time, premiums must not be cost prohibitive for producers. While current federal policies give producers more flexibility in making production decisions, alternative and non-traditional crops have and will continue to proliferate and must be included in crop insurance coverage. Crops currently not insured and non-traditional crops should be covered by crop insurance. A crop insurance program should be designed to promote innovation and alternative crops. Additional resources will be necessary to aggressively expand insurance coverage to all crops and livestock. Premium subsidies should be higher for higher levels of coverage and lower for lower levels of coverage, encouraging producers to carry more coverage.</p> <p style="padding-left: 40px;"><u>Prevented Planting:</u> The restriction on prevented planting eligibility for land with a “pre-existing condition” of more than two years is unreasonable in cases of standing water. Determinations of whether prevented planting due to wet conditions is pre-existing or a new occurrence of the same problem is extremely difficult to verify and administer with consistency. The restrictions of these provisions should be relaxed so producers are not unduly penalized by being determined ineligible for prevented planting coverage.</p> <p style="padding-left: 40px;"><u>Participation:</u> Federal assistance should be contingent</p>	

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<p>younger generations.</p>	<p>upon a producer’s participation in the crop insurance program. Crop insurance should be mandatory in order for producers to receive assistance. Crop insurance must provide meaningful coverage and provide incentives for farmers to purchase the insurance.</p> <p>An appropriate role for the producer, the federal government and private insurers must be established. Primary delivery of catastrophic (CAT) crop insurance should be through the Farm Service Agency. Buy-up coverage should be available through insurance companies, in conjunction with federal government underwriting and subsidies. Premiums must be affordable and should provide incentives for producers to carry higher rather than lower levels of coverage. Crop insurance programs should be developed on a regional and/or state basis. The states should have a role in crop insurance programs as they are uniquely positioned to handle the administration of the federal portion of the crop insurance program. To improve efficiencies, the USDA and state departments of agriculture should consider cooperative agreements where appropriate.</p> <p>Additional elements of a crop insurance program to consider are whole farm revenue insurance and long-term reserve accounts. Whole farm revenue insurance would allow producers to purchase insurance guaranteeing a certain percentage of revenue for the whole farm. It would provide protection against unavoidable losses of production and low prices. Long-term reserve accounts are a way for farmers to save, on a tax-deferred basis, during good times for poorer</p>	

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	<p>years.</p> <p>NASDA supports planning for emergencies involving states, together with any legislative changes. NASDA further recommends that the Federal Emergency Management Agency (FEMA) be given agricultural emergency authority to react to agriculture disasters with expediency as they are accustomed to dealing with other emergency situations.</p> <p>NASDA would recommend that years for which disaster declarations have been made and/or where prevented planting has occurred shall be excluded when calculating APH yield.</p> <p>Other policy tools include:</p> <ul style="list-style-type: none"> • Cost-of-production (COP) (AgriLogic Concept) vs. Traditional Programs • “FPIC re-insurance” 	
<p>Information Access</p> <p>Rural communities need access to technology and funding for this service is needed. Easily accessible and affordable internet access and government assistance for technology to rural areas can make technology accessible.</p>	<p>NASDA does not have specific policy addressing information access for rural communities.</p>	

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U.S. Agriculture Profile Transportation - Issue Description	Tools to Succeed (Policies/Options)	Comments/ Recommendations
<p>Infrastructure</p> <p>A deteriorating U.S. transportation infrastructure for agriculture will lead to an expensive overhaul of the domestic rail system. We need an improved and reliable transportation system for agriculture (rail and river)</p>	<p>No specific NASDA policy on infrastructure other than lock and dam maintenance</p> <p>NASDA policy 10.3 supports efforts to fund lock and dam maintenance and improvement programs necessary for the continued operation for safe and efficient commercial navigation on the US rivers and lakes.</p>	

U.S. Agriculture Profile Technology - Issue Description	Tools to Succeed (Policies/Options)	Comments/ Recommendations
<p>Research and Development</p> <p>The Federal Agricultural Improvement and Reform (FAIR) Act (the 1996 Farm Bill) began the process of fundamental change in agriculture. The seven-year phase out of commodity programs which the legislation initiated, emphasizes the need for greater global competitiveness in agriculture. This increases the demand for sound, progressive agricultural research.</p> <p>In the past, public investments in agriculture research have paid large dividends to society, and the global, high-tech,</p>	<p>NASDA policy states general support for research, but has no specific policy on research and development.</p> <p>NASDA policy 11.9 states that aquaculture should be considered a form of agriculture in the broadest sense and aquaculture products should be viewed and treated as agricultural commodities. NASDA believes regulatory constraints imposed upon the aquaculture industry should be clarified, streamlined, and consolidated.</p> <p>NASDA believes the development of improved processing technologies and new products development represent</p>	

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<p>environmentally-sensitive era we have now entered requires support of public research. The nation’s land grant universities must remain a strategic resource for agriculture and the general public. They must be used wisely and fully to support the needs of an ever expanding domestic and worldwide population.</p> <p>R&D allows development of new technologies, value added products, vaccines & chemicals. Barriers to research are unclear environmental standards, marketing strategies, need research, extension & market development w/ limited resources.</p>	<p>important opportunities for the aquaculture industry. NASDA endorses the HACCP principles for aquaculture processing and encourages USDA and FDA to provide on-going training for the industry that is both cost effective and focused. NASDA believes the process of development of minimum health standards by USDA should be with the direct involvement of the major aquaculture organizations, insuring coverage of all species groups and uses for the interstate and international movement of aquatic animals and plants.</p> <p>Other policy options include</p> <ul style="list-style-type: none"> • Development of improved processing technologies and new products development. • Value-added products can contribute to domestic and foreign markets. • Adoption of uniform quality standards. • Need federally approved chemicals, vaccines, and therapeutic compounds to increase productivity. • Increase research funding. • Change basic misconceptions in Congress and make research and development a higher priority • Crop Insurance for Aquaculture • Permits for water discharge (cost is too high) • Availability of the Internet 	

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Internet The internet opens the door for e-commerce and access to information. However privacy/ security concerns, availability in rural areas and state sales tax are obstacles to the success of agricultural e-commerce.	NASDA does not have policy on the internet.	