

**Rural Development and Financial Security Policy Committee
North Dakota Commissioner Roger Johnson, Chair
2003 Annual Meeting
September 20, 2003**

Committee Report

Summary of Committee Action:

Report from the Risk Management Agency: Ross Davidson, Administrator, Risk Management Agency (RMA), provided an update on current activities of RMA. He reported that crop insurance now covers 80% of acreage compared to only 69% in 1960s. Agriculture Secretary Veneman has asked RMA to expand programs to include livestock, specialty crops, and rangeland. The agency is undergoing an effort identify ways to simplify product offerings and update manuals and other documents. Goal is to make products and information more accessible and useful to producers. Also, fighting fraud and abuse and ongoing investigations have resulted in fines and convictions. The agency is continuing outreach efforts, especially through regional offices and increasing efforts with state departments of agriculture, but did not view most cost of production insurance proposals in a very favorable light.

Report from AgriLogic: Joe Davis provided an update of current projects that AgriLogic is undertaking. Those include: 1. Agri-terrorism modeling, 2. Risk management education, 3. evaluations of pilot projects (cabbage, cherry, California citrus, cucumbers, etc.), 4. Non-insurance risk management tools, 5. Loss adjustment, and 6. Feasibility and development of apiculture, Florida fruit tree, Xmas trees, revenue insurance, quarantine, and vegetables. He also provided an update on cost of production insurance for cotton. FCIC Board will most likely vote on approval/disapproval at October board meeting. Additional information can be located at the following websites: www.agcop.com or www.agrillogic.com

Adjusted Gross Revenue-Lite Insurance: Russell Redding, Executive Deputy Secretary of the Pennsylvania Department of Agriculture (PDA) presented information on the Adjusted Gross Revenue-Lite (AGR-Lite) insurance program developed by PDA. He also provided a comprehensive list of actions taken by the Commonwealth of Pennsylvania to provide services and crop insurance to Pennsylvania farmers due to devastating disasters in 1999. Among the policy objectives in providing AGR-Lite are to develop programs that are easier for producers to understand and that also reduce private sector delivery costs so that they can do more aggressive marketing to smaller producers. He described the benefits of AGR-Lite and how it works. AGR-Lite is available in most counties in the states of CT, DE, MA, MD, ME, HN, NJ, NY, PA, RI, VT, and WV. PDA owns AGR-Lite and has a contract to implement program and package it.

Report on Competitive Sourcing, OMB Circular A-76 - "Opportunities for States": Tom Fitzpatrick, Program Manager, USDA Forest Service Competitive Sourcing Program, shared information with the committee on competitive sourcing, including its history. He initiated a dialogue with states on the issue and encouraged states to identify potential

opportunities to partner. More information can be located at <http://govexec.com/outsourcing/> and <http://www.whitehouse.gov/omb/> .

Report on Farm Labor Task Force: New York Commissioner Nathan Rudgers reported on current activities related to farm labor legislation. “The H-2A Reform and Agricultural Worker Adjustment Act of 2003” is expected to be introduced by Senators Craig and Kennedy this week. The legislation will provide reforms to the H-2A guest worker program and provide a one-time adjustment to temporary and permanent resident status based on criteria outlined in the legislation. Background materials were shared with the committee.

Farm Bill Implementation Update: Jim Little, Administrator, Farm Service Agency, gave the committee a detailed report on farm bill implementation and related programs. Out of 2.1 million eligible farms, 80 percent signed up to adjust yields. The breakdown was: 40% updated bases and yields, 54% historic bases and yields (with soybean) and 6% took default. Eighty-eight percent signed contracts. Contract signing resumes Oct. 1, 2003, since these are annual contracts. He reported that county offices have worked 2.5 times more overtime than prior fiscal years. It was noted that 2,466 field offices and more than 18,000 people were involved in implementation. In addition, nearly 1,000 temporary workers were hired. Over the course of implementation, there were 17 million farmer visits to county offices. He provided updates on CRP and Conservation Reserve Enhancement Program (CREP) and reviewed the status of the following programs: Hardwood Tree Initiative, Grassland Reserve Program, Bioenergy Program, the Agricultural Assistance Act of 2003, Livestock Compensation Program, Livestock Assistance Program, Catfish Feed Assistance Program, Non-fat dry milk program, and the Trade Adjustment Assistance Act. His presentation will be available to NASDA members.

Status Report on the Warehouse Task Force and Working Group: Montana Director Ralph Peck updated the committee on current activities on federal warehouse issues. A draft framework document has been written by the Warehouse Working Group that includes members from National Farmers’ Union, the American Farm Bureau Federation, the National Grain and Feed Association, American Association of Warehouse Control Officials and NASDA. The group will be receiving additional information from USDA on October 2. After this meeting, the task force will discuss next steps and make recommendations to NASDA for further action.

Discussion on Rural Development Recommendations of U.S. / Mexico Accord Working Group: Texas Commissioner Susan Combs informed the committee about the U.S. / Mexico Working Group and its discussion on rural economic development issues at the Accord April 2003 meeting in Montreal. The committee agreed to collect information from USDA on rural economic conditions and to form a subcommittee to work on this request and plans for a one-day rural economic development summit at the 2004 Accord meeting in Mexico. Members of the subcommittee are North Dakota Commissioner Johnson, Idaho Secretary Takasugi, Missouri Director Hofherr and Texas Commissioner Combs, ex officio.

Action Item approved by the committee:

- NASDA will request Congressional support for the Fair Measurement Appropriation and send letters to appropriate members of Congress. The appropriation will fund a federal grant program for states to strengthen the weights and measures system.

Other Action Item:

- Committee discussed an action item related to the Farm Credit System and commercial fishing but it was withdrawn from consideration.

Policy Amendments approved by the committee:

- No. 21, to amend section 10.2, “Agricultural Labor,” to create a new subsection defining Christmas tree production as an agricultural activity for the purposes of the Fair Labor Standards Act.
- No. 23, to amend “Agriculture Infrastructure” by adding a new section “Weights and Measures – National Measurement System.”
- No. 25, to amend “Financial Security for Agriculture” by adding a new section concerning giving agricultural cooperatives greater flexibility in obtaining financing.
- No. 30, to amend “Warehouse Regulation” with updates related to NASDA Warehouse Task Force.

Policy Amendment withdrawn:

- No. 22, related to grain storage and merchandising.

Legislative and Regulatory Priorities:

The committee discussed priorities and re-affirmed that crop insurance, including the cost of production insurance, the farm labor supply and a grain warehouse system with producer protections and states’ rights continue to be priorities. In addition, the committee recommends that NASDA continue to track farm bill implementation and future appropriations.