States shape the future of farming

States are planting ideas they hope will come to fruition in the federal rewrite of the nation's agricultural policy in 2002.

BY CINDY J. LACKEY

State officials are gearing up to take advantage a golden opportunity to influence the nation’s farm policy, funding and programs for the next five to seven years. They are doing so as Congress debates replacing the 1996 farm bill, which expires in 2002.

In the 1996 farm bill, the United States made a fundamental shift in its 60-year-old farm policy. Congress abandoned price and supply controls in favor of a market-oriented agricultural economy. Under the new policy, farmers no longer receive income-support payments when prices fall below set targets.

Since then, the transition to more market-oriented farm policy has been “somewhat diverted,” said Keith Collins, chief economist for the U.S. Department of Agriculture.

Farm prices and incomes have plummeted since 1997 due to weak overseas economies and high worldwide production. To shore up farm income, Congress has passed multibillion-dollar emergency assistance packages in the last three years, pushing government payments to agriculture producers to a record high in 2000.

The challenge for the 2002 farm bill will be to craft a farm policy that combines a market-oriented approach with adequate, predictable incomes for America’s agriculture producers.

The states’ chief agricultural officers are an authoritative voice for state government in the farm-bill debate. Through the National Association of State Departments of Agriculture, state agricultural directors are working together to shape the future of farming.

A role for states

There are plenty of good reasons for states to care what Congress does with...
the council of state governments

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the new farm bill. “A great deal of what impacts agriculture at the state level — marketing, regulations, pricing — is decided at the federal level,” said Leon C. Graves, Vermont commissioner of agriculture, food and markets and NASDA president.

All states have a stake in federal farm policy because agriculture is critical to rural areas across the country. An adequate, affordable food supply also is important to everyone.

The recent farm crisis has state officials worried about the survival of this vital sector of the American economy. They see the 2002 farm bill as an opportunity to improve the resources available to farmers and ranchers.

NASDA plans to influence the farm bill through its 2002 Farm Policy Initiative. The final product of the 18-month project will be a comprehensive set of proposals for Congress and the Bush administration to consider when writing the next farm bill.

“The goal is to draft a proposal for the farm bill that improves the overall profitability and economic viability of agriculture,” Graves said.

With one year of work behind them, NASDA members admit it is tough to forge a national policy that satisfies every state’s interests. “In some ways, NASDA has a bigger challenge than Congress. Eventually, Congress will pass a farm bill, in some form. For NASDA, just passing something isn’t acceptable. We operate on a consensus basis, so our agreement has to work for every state,” said Roger Johnson, North Dakota commissioner of agriculture.

If past success is any indication, NASDA’s final recommendations for the 2002 farm bill will be well worth the time and effort invested in the project. “To my understanding, three-quarters of NASDA’s proposals ended up in the 1996 bill,” Graves said.

A predictable safety net

At hearings held by the U.S. House Committee on Agriculture across the country in 2000, farmers and ranchers overwhelmingly supported the 1996 farm bill’s flexibility in planting. However, they called for strengthening the “safety net” for farm income in times of dramatic price decreases or disasters.

The need for an income safety net was echoed by the Commission on 21st Century Production Agriculture, which was created in the 1996 farm bill to measure the bill’s impact. In its final report, released in January, the commission identified an income safety net as the top priority for future farm policy. A clear consensus for change has emerged after three years of emergency funding to keep America’s farmers in business.

“In theory, you shouldn’t have to pass emergency assistance every year. There needs to be an income safety net in place for the bad years,” said Johnson, who chairs the NASDA committee responsible for the safety-net recommendations in NASDA’s farm bill proposal. “Policy needs to be predictable so farmers and ranchers can plan.”

The two most discussed threads of a safety net are countercyclical income-support programs and risk-management tools, such as crop insurance. A countercyclical support program would stabilize farm income by making payments to producers when income is low, as in the past three years. NASDA includes such a program in its safety-net proposal.

A risk-management program, Cost of Production insurance, or COP, is a unique component of NASDA’s proposal, Graves said. COP would allow producers of all commodities to insure up to 90 percent of their documented production costs. This insurance safety net would mean that a producer could lose no more than 10 percent of the amount invested in production that year.

Unlike existing crop-insurance programs, which focus on the major crops such as corn, wheat and soybeans, COP would cover all commodities. Currently, specialty crops such as fruit and vegetables have limited insurance opportunities. This program would provide a true safety net to all producers in a fair manner — a key principle of NASDA’s recommendations. “All NASDA members agree that federal...
farm policy should support all producers in all states," Graves said.

COP would not replace existing crop insurance, but would be another risk-management option. NASDA is optimistic that the USDA Risk Management Agency will approve funding by this spring for a national pilot project to test COP for select commodities.

NASDA is carefully constructing its proposal so that it does not distort trade and complies with World Trade Organization agreements. NASDA’s other guiding principles for farm policy include ensuring the profitability and viability of agriculture, a level-playing field for American producers, flexibility in regulation, the use of sound science in decision-making and emphasis on states’ role in program delivery.

In the green

Conservation will be a popular topic in the farm-bill debate. In its first issue-specific hearings on the 2002 farm bill, the U.S. Senate Agriculture Committee focused on conservation policy and programs. Committee Chairman Richard Lugar of Indiana and Ranking Member Tom Harkin of Iowa said conservation would be the centerpiece of the next farm bill.

The farm bill authorizes several programs that compensate producers for using conservation practices that meet environmental goals. The Conservation Reserve Program, for example, provides farmers with cost-share assistance and rental payments to retire environmentally sensitive cropland for 10- to 15-year contract periods.

The agriculture community likes conservation programs because they reward farmers for being good stewards of the land. “This is a fairness issue,” said Frank DuBois, secretary of the New Mexico Department of Agriculture, who is chair of the NASDA natural resources committee. “If the farmer is going to produce environmental benefits that are demanded by society, then society should compensate him or her.”

So-called “green payments” also provide much-needed income to farmers and ranchers without influencing production decisions or world prices. That means they are not considered trade-distorting and do not count against domestic agriculture spending allowed by the WTO.

Conservation funding has a political benefit, as well. As fewer Americans are tied to the farm, including programs with a strong urban appeal helps ensure votes for the farm bill in Congress. “Taxpayers and Congress will feel that they are getting something for their investment,” said Billy Ray Smith, Kentucky commissioner of agriculture and NASDA president-elect.

NASDA’s farm bill proposal favors flexible, voluntary and incentive-based conservation programs. NASDA suggests specific improvements to existing conservation programs.

A new block-grant program for environmental stewardship is the centerpiece of NASDA’s conservation package. This approach would give state
Every five to seven years, Congress passes a farm bill to authorize agricultural programs administered by the U.S. Department of Agriculture. The farm bills reflect an evolution in the nature of agriculture and national farm policy over the past 60 years.

In 1933, the federal government began intervening in agricultural markets to support farm income and to control supplies. In 1996, Congress abandoned intervention in favor of a free-market approach. The Federal Agricultural Improvement and Reform Act, also called “Freedom to Farm,” was intended to let farmers decide what and how much to plant or produce. The act, in effect through the 2002 crop year, eliminated supply management and income supports over a seven-year period. This approach more closely conformed to global trade agreements to reduce market-distorting policies.

In 2002, debate will center on the commodity title of the farm bill, which establishes the manner and amount of support payments to agricultural producers. Other titles of the omnibus legislation address conservation programs, agricultural trade, loan programs, insurance, rural development and research.

Without emergency assistance for 2001 crops, net-cash farm income will decline to less than $51 billion — the lowest since 1994 and about $4 billion below the average of the 1990s, according to the USDA. Only government payments kept net farm income at the lowest level since 1984.

To agree to finance producers this spring, agricultural lenders need reassurance that Congress will fund emergency payments again this year. NASDA recommended in late February.

U.S. Secretary of Agriculture Ann Veneman addressed the National Governors Association in February.

Livestock producers face tougher environmental regulations.
taken an active role in working to reduce youth violence, especially through the establishment of the Governor’s Community Partnership for Safe Children, under the leadership of Executive Director Clay Yeager.

Through Communities That Care projects, Pennsylvania is working in neighborhoods and schools to curb violence. For example, one such program initiated in an Erie County elementary school in 1995 has reduced absenteeism, increased grade-point averages and decreased incidents of violence.

These efforts are continuing in Pennsylvania as Ridge recently unveiled his Early Childhood initiative. At the heart of the governor’s proposal is a plan to provide nearly $32.3 million to offer parents of at-risk children a broad range of health and education skills. This includes a four-year, $20 million expansion of a state program to provide home visits by nurses for pregnant women at risk for too early delivery or low-birth-weight babies.

Also proposed is a three-year, $12 million program to help ensure the emotional and intellectual development of young at-risk children of low-income parents. State government can help curb violence among children. However, government should base its response upon a knowledge of the child, and coordinate with community efforts and serve the best interest of families. Parental responsibility must not be abridged nor should it be abrogated by government bureaucracy.

Each generation molds the next, and no child should be left behind. With programs based on a solid understanding of the basis of our youth problems, and government that is responsive to those needs, we can and will continue to make a difference.

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A multibranch approach

State legislatures need not leave the farm bill to their executive-branch colleagues. “It’s important for legislators to educate citizens about the farm bill,” Maine Sen. Marge Kilkelly said. “I’m proposing to my colleagues in Maine and the Northeast to hold stakeholder hearings to identify our priorities,” she said. “We need to discuss what’s working in the current farm policy. If something isn’t work-

Specially crops are important in some states.

The regional offices of The Council of State Governments have encouraged regional dialogues about the farm bill. The Southern Legislative Conference’s Agriculture and Rural Development Committee, for example, made recommendations for the 2002 farm bill.

Graves, who served in the Vermont Legislature for more than eight years, recommended state legislators educate themselves about the farm bill. The state agriculture department and governor’s office are good places to start. If the state’s legislative and executive officials are on the same page, “then you can cooperate to influence your congressional delegation,” Graves said.

“The greatest impact will be to the extent possible that [the state government community] speaks with one voice advocating for what’s in the best interest for agriculture and our rural communities,” Graves said.

CSG resources

The Council of State Governments, in cooperation with the Z. Smith Reynolds Foundation, has completed a comprehensive report on the extensive network of programs operating within North Carolina that address youth and school violence. The report focuses on both state-level programs such as teen courts as well as local and community-based initiatives. The report also offers policy options to states on how to improve coordination, prevention and education efforts as related to youth and school violence. For more information, contact John Mountjoy, (859) 244-8256 or e-mail jmountjoy@csg.org.