

IOWA STATE UNIVERSITY

COLLEGE OF AGRICULTURE

December 12, 2005

Secretary of Agriculture Mike Johanns
Farm Bill
1400 Independence Avenue, SW
Washington, DC 20250-3355

Dear Secretary Johanns:

We are pleased to share with the USDA a summary of public comments to be used in developing the 2007 Farm Bill, based on input from more than 250 Iowans and Midwesterners who participated in Iowa State University's Agricultural Policy Summit, July 6-8, 2005, in Ames, Iowa.

Iowa State's College of Agriculture organized the Summit, entitled "New Directions in Federal Farm Policy: Issues for the 2007 Farm Bill," to solicit input on what should be included in the 2007 Farm Bill. The program featured remarks from Iowa's Congressional delegation and state leaders including Governor Tom Vilsack and Iowa Secretary of Agriculture Patty Judge. The program included 12 panel discussions that offered 40 presentations on diverse topics in tax policy, domestic commodity policy, landscapes and agriculture, rural economic development and more. One session presented the views of Iowa's major producer organizations, with remarks from state leaders of the Farm Bureau, Farmers Union and National Farmers Organization.

The final day of the program was devoted to discussion sessions on five major trends and issues: Feeding the Bioeconomy; Iowa Farmers: The Next Generation; Rural Main Street and Communities; Global Competition and Global Customers; and Implementing Conservation Incentives.

The Summit was an important opportunity for listening to a wide range of perspectives and values on Farm Bill issues. The Summit was not about building consensus or developing a single vision. It was about education and expanding an understanding of the forces shaping agriculture today and tomorrow. While everyone may not have agreed on specific ideas and issues, the common ground was that everyone in attendance desired to see a prosperous, competitive and successful agriculture that would provide for our needs today and also provide opportunities for the next generation.

The discussions were stimulating and insightful. A broad diversity of ideas and opinions was shared. Each person brought his or her own set of values and beliefs about what was needed, what ought to be done and how to achieve particular outcomes. Some of the common themes that emerged included:

- The new Farm Bill has the potential to be watershed legislation for farmers and rural communities, providing a strong stimulus for growth locally and globally.
- Every single American should care about what goes into the new bill. It is policy affecting food, fiber, fuel, health and nutrition, the environment and the economy. Summit participants agreed that bold new policy was needed to capture the imagination not only of those living on farms and in rural communities, but also in urban and suburban areas.
- In a time of serious federal fiscal challenges, a policy that drives innovation, entrepreneurship and growth opportunities would be key for moving agriculture and rural communities forward.

Attached to this letter is a summary of participants' key ideas and comments gathered at the Summit, organized by the six major questions posed by USDA for Farm Bill input.

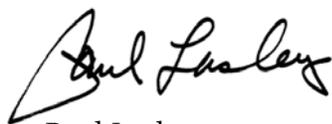
The summary is followed by a news release on a presentation made by Paul Lasley, Chair of Iowa State University's Department of Sociology and Co-Chair of the Agricultural Policy Summit, which detail Farm Bill opinions gathered from Dr. Lasley's annual Iowa Farm and Rural Life Poll. This year the Poll included more than 1,200 respondents. A PDF file of Dr. Lasley's presentation also is attached to this message.

Thank you for this opportunity to provide input to the 2007 Farm Bill discussions.

Sincerely,



Wendy Wintersteen,
Co-chair, Agricultural Policy Summit
Interim Dean, College of Agriculture, Iowa State University



Paul Lasley
Co-chair, Agricultural Policy Summit
Chair, Department of Sociology, Iowa State University

Comments on 2007 Farm Bill
Summary from Agricultural Policy Summit at Iowa State University,
July 6-8, 2005

1. How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?

Key issue: **Empower the next generation.** Agricultural policy, with its implications for land values, tax decisions and new opportunities, needs to provide young people with opportunities in agriculture. Farm policy can foster a new direction for agriculture by encouraging greater entrepreneurship and focusing more on management-intensive rather than capital-intensive enterprises. While emphasizing profitability for producers, farm policy should reward innovation. Doing so will require education and assistance in areas such as mentoring/peer groups, marketing assistance, entrepreneurship, business planning and risk management. Land-grant universities are well-suited providing the broad expertise in applied studies and education in these areas. Policy should encourage profitable alternatives to government programs such as niche markets and value-added ventures that unleash opportunities limited by federal subsidies based only on commodity crops. Often the challenge is broader than farm policy. For example, tax policy can encourage actions counter to the goals of farm policy. Tax policies can hamper older farmers' exit from agriculture. A policy that provides tax incentives to encourage partnering of older farmers with younger farmers would help beginning farmers compete for farmland with well-established operators. As an example, capital-gains tax revisions are needed to be able to transfer assets and retain value so that older farmers are not penalized for retiring. Payment limitations also will help balance the playing field for new farmers. Finally, improved rural infrastructure (i.e., high-speed Internet, schools and amenities) is necessary to support innovative rural businesses and farmers and to sustain global competitiveness. Rural policy also should address access to and the rising costs of health care and insurance for farmers.

2. How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Key issue: **Keep competitive in global markets.** Policy needs to help producers benefit from growing global markets and allow them to compete. Policy addressing issues of market access and market development will benefit farmers and encourage them to explore new opportunities in agriculture. How countries comply with World Trade Organization rules will impact the future of trade. Farm policy should devote more effort to promote exports, especially those in which the U.S. can build a competitive advantage in high-value, value-added exports. This is in recognition that the bioeconomy and value-added products are key growth areas for farm profitability. Efforts should be continued to reduce trade barriers, providing a level playing field for U.S. exports in international markets. Producers should have a voice in policy affecting global markets. Because of the proliferation and promise of genetically modified crops, policy should help ensure that the United States can competitively

grow and market these crops worldwide in a manner that maintains public confidence in the food supply.

3. How should farm policy be designed to effectively and fairly distribute assistance to producers?

Key issue: **Ensure an adequate safety net for farmers.** New limitations or caps on farm payments should be considered to bring more balance into the system. Critical food security and asset valuation must be considered in any proposed system. A transition needs to occur from assistance based on commodities to assistance based on helping farmers grow their income, enhance rural communities and enhance conservation efforts. It is critical to maintain national security through an adequate farm safety net. Policy should be crafted to better protect farm income, as well as to support new opportunities to grow farm income. Policy should provide farmers with the flexibility to make decisions on growing crops to meet new market demands, especially in areas where value is added to agricultural products. Programs that assist farmers in protecting natural resources should be strengthened.

4. How can farm policy best achieve conservation and environmental goals?

Key issue: **Strengthen conservation of natural resources.** Preserving natural resources while ensuring profitable farms is critical. More emphasis on conservation payments would have significant implications for the environment and global trade. Cost-sharing and other incentives would encourage adoption of watershed-based conservation practices. Policy should be flexible to allow local decisions on performance tools and targets and the use of science-based measures for evaluation. Past farm policy has emphasized commodities at the expense of entrepreneurship and the environment. Policy should shift focus from commodities to conservation, from commodity payments to conservation payments. This shift to WTO green payments will require adequate cost-sharing and technical assistance for conservation practices. Funding is needed for conservation research, science-based information and education, and technical and financial assistance. There also must be increased coordination and role definition among program agencies, which will improve working relationships and integration among conservation agencies and programs to streamline the paperwork process for land owners. Science-based performance measures that lead to desired outcomes are needed to ensure measurable results and accountability. The 2007 Farm Bill should continue and expand Conservation Security Program nationwide. This approach ensures a watershed-based approach. Policy should provide flexibility to allow for local decisions to address watershed improvements through performance-based management. Sound local decisions will require enhancing research-based information and education for rural and urban watershed residents. Support is needed for research and demonstration on water quality and drainage systems, focusing on long-term performance goals and recognizing that change takes time. Another major program, the Conservation Reserve Program (CRP), is winding down, but this successful set-aside program should be retained and enhanced so that highly sensitive lands are targeted for protection. Policy should provide transition incentives for land coming out of CRP to productive use. That policy should emphasize retaining perennial cover and enhancing wildlife

habitat. These incentives also should apply to working lands and provide incentives for pasture-based/perennial systems.

5. How can Federal rural and farm programs provide effective assistance in rural areas?

Key issue #1: Provide a stronger voice for rural communities. Rural economic development policy needs to be reformed and consolidated, with a goal of establishing a streamlined process that provides better access to resources. The new bill should encourage collaboration and coalition building for rural regions. Rural infrastructure, including physical, fiscal, electronic and human resources, is in need of revitalization. Rural communities and rural development need a stronger voice in federal policy. Consideration should be given to establishing a new secretary-level Cabinet member for rural community development. Federal programs should help enhance regional collaborations and coalitions that advance rural development, including funding intermediary organizations, such as Extension, that help communities build capacity, nurture entrepreneurship and advance new farm-based economic opportunities. Federal programs that provide funding for rural development should be consolidated and streamlined for easier access by regions and communities. These programs also should assist communities in meeting infrastructure needs, from basic services to the latest in telecommunications. At the same time as efforts to stimulate rural economic growth occur, new approaches need to be implemented to alleviate rural poverty.

Key issue #2: Encourage entrepreneurship. Studies show that existing farm programs have done little to spur economic growth in rural counties. Policy should be shaped in ways that help farmers and communities with an entrepreneurial spirit take advantage of new opportunities. Extension and other intermediary organizations can play a key role in making that happen. Policy incentives also will provide tools to stimulate innovation and entrepreneurship.

6. How should agricultural product development, marketing and research-related issues be addressed in the next farm bill?

Key issue #1: Make the bioeconomy a national priority. The emerging bioeconomy — using agriculture's biorenewable resources for energy, industrial and consumer products — could drive a new rural renaissance. The time is right to integrate federal agricultural and energy policy and wean the country away from dependence on foreign energy sources. Policy needs to be structured to ensure local producers, communities and regions capitalize on opportunities. The emerging bioeconomy is an outstanding opportunity for federal policy to assist crop and livestock farmers and rural communities in capitalizing on the benefits of biorenewable agricultural resources. National agricultural policy and national energy policy need to be more closely connected. Federal programs should promote the benefits of supporting farm-based energy sources, such as ethanol and biodiesel, that lessen the nation's dependence on foreign-based energy; that provide new sources of income for farmers and communities; and that have the potential to positively impact the environment. New or alternative cropping systems that take advantage of bioeconomy or other new markets should be supported. Producers should be able to fully participate in

developing agricultural markets, both domestic and international — entrepreneurial producers should not be hindered by inflexible policies.

Key issue #2: Ensure commitment to R&D. Basic and applied research are crucial to the success of a value-added agriculture, bio-based economy and competitive commodity production. The expertise in agricultural and life sciences, environmental and social sciences provided by land-grant universities must help address new opportunities and challenges in each state, working in partnership with producers, businesses, communities and government agencies. Federally supported research should be better funded to provide a balanced portfolio of long-term basic research and short-term applied research, the results of which provide the science-based education and information that help keep producers, businesses and communities competitive and successful. Funding should be increased for high-priority research conducted through state and federal partnerships that provide significant benefits for the nation's food security and quality of life. High-priority research and related educational efforts should include adding value to agricultural products, protecting natural resources, assessing risks of management and new technologies, and increasing profitability and efficiency of farming.

IOWA STATE UNIVERSITY

COLLEGE OF AGRICULTURE

7/6/05

Contacts:

Paul Lasley, Sociology, (515) 294-0937, plasley@iastate.edu

Susan Thompson, Communications Service, (515) 294-0705, sander@iastate.edu

IOWA FARMERS SUPPORT 2002 FARM BILL AS MODEL FOR 2007 BILL

AMES, Iowa - The majority of Iowa farmers responding to an Iowa State University survey said the basic directions of the 2002 Farm Bill should be continued, the income protection it offers is adequate and overall, the program has been successful.

The current federal farm program legislation, adopted in 2002, will expire in 2007. Questions about the 2002 bill were asked as part of this year's Iowa Farm and Rural Life Poll. The responses were summarized July 6 during the opening session of the "New Directions in Federal Farm Policy: Issues for the 2007 Farm Bill" conference in Ames.

Paul Lasley, chair of the ISU sociology department and co-investigator of the study, said questionnaires were mailed April 1 to more than 1,800 farm operators, with responses from more than 1,200. "Twelve items about the 2002 farm bill were included on the survey. Producers expressed their opinions by checking a five-point scale that ranged from strongly disagree to strongly agree," he said.

Lasley said producers expressed support for developing markets through the promotion of exports and alternative energy development. They also expressed support for conservation through the continuation of the Conservation Reserve Program, the need to address environmental issues and general support for conservation.

Producers were evenly split on supply management policies, with 29 percent agreeing, 26 percent disagreeing and 25 percent saying they are not sure.

Producers also were divided in their opinions about the cost of the 2002 Farm Bill, with 33 percent agreeing it has been too expensive, 34 percent disagreeing and 33 percent saying they are not sure.

"There was agreement that the next farm bill should pay more attention to beginning farmers, with 45 percent disagreeing with the statement that the current farm bill has adequately addressed this issue," Lasley said.

The Iowa Farm and Rural Life Poll, established in 1982, is a joint venture of the Iowa State University College of Agriculture, ISU Extension and the Iowa Department of Agriculture and land Stewardship. It's an annual survey of a random sample of Iowa farm operators.

The 12 statements about the farm bill on the 2005 survey on which producers were asked to rate their opinion on a five-point scale were:

- The government should devote more efforts to the promotion of exports through the 2007 Farm Bill.
- The Conservation Reserve Program should be continued.
- The 2007 Farm Bill should provide incentives to allow farmers to participate in alternative energy development.
- The basic directions in the 2002 Farm Bill should be continued in the 2007 Farm Bill.
- The 2007 Farm bill should provide better income protection.
- Overall, the 2002 Farm Bill has provided an adequate income protection for farmers.
- The 2007 Farm Bill should do more to address environmental issues in agriculture.
- Overall, the 2002 Farm Bill has been successful.
- Overall, the 2002 Farm Bill has provided good support for conservation efforts.
- Grain production policy should return to supply management (acreage set aside and deficiency payments.)
- The 2002 Farm Bill has proven to be too expensive.
- The 2002 Farm Bill has adequately addressed the needs of beginning farmers.

A copy of Lasley's presentation at the farm bill summit will be available in the proceedings as well as online at <http://www.soc.iastate.edu/extension.html>. The complete summary of the 2005 Iowa Farm and Rural Life Poll also will be posted on this Web site later this summer.

-30-