Public Policy Education—Federal Government Perspective

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USDA
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Topics

• Essentials of a good effort & USDA’s 2007 Farm Bill effort
  – Educational challenges

• Recent key educational challenges related to the 2007 Farm Bill
  – Disaster assistance
  – Energy and agriculture
    • & many others: AI, biotech rice, Doha, Brazil cotton case, etc.
USDA Farm Bill education efforts ...
USDA’s Farm Bill Process

*Education first, Advocacy second*

- **Step 1:** Gather information
  - What does public know/want?
  - What do we know?

- **Step 2:** Present facts

- **Step 3:** Present alternatives

- **Step 4:** Present recommendations

Federal Register Qs
- 52 Farm Bill Forums
- 41 summary papers

5 theme papers

TBD
Scoring our Theme Paper
Educational Effort

• Facts A-
• What’s behind the facts B
• Feasible alternatives A-
• No advocacy B
• Balanced B
• Fair A
• Brief D
Broad Educational Challenges

• **Philosophical:**
  – Role of Federal government; goals of programs

• **Technical:**
  – Understanding budget constraints, baselines, budget scoring
  – Understanding how programs work

• **Economic:**
  – State of ag & rural areas
  – Effects of programs on consumers, producers, taxpayers
  – Identifying areas of program inefficiencies
  – Identifying options to achieve alternative goals
Some Key Issues for Technical and Economic Analysis for the 2007 Farm Bill

- Budget
- WTO consistency
- Dairy and sugar programs
- Marketing loan programs
- Payment limits
- Specialty crops
- Energy
- Conservation
Recent educational challenges …
Challenge #1—Disaster Assistance

Assistance Expenditures

Million dollars

Disaster Assistance & Crop Insurance
Indemnity & Delivery Costs

Million dollars


Disaster
Crop insurance
Senate Disaster Assistance Proposal

Bill now under debate in Senate: $6.5 bil.

– Crop loss payments
– 30% top up for program crops
– Livestock loss payments
– Block grants (F&V states/small businesses)
– Waives requirement to buy crop insurance and 95% cap
## Participation in Crop Insurance, 2004

<table>
<thead>
<tr>
<th>Crop</th>
<th>Percent of Crop Value Insured</th>
<th>Liability as a Percent of Crop Value</th>
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<tbody>
<tr>
<td>Corn</td>
<td>92</td>
<td>64</td>
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<tr>
<td>Soybeans</td>
<td>80</td>
<td>56</td>
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<tr>
<td>Wheat</td>
<td>82</td>
<td>54</td>
</tr>
<tr>
<td>Cotton</td>
<td>99</td>
<td>61</td>
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<tr>
<td>Rice</td>
<td>58</td>
<td>25</td>
</tr>
<tr>
<td>Peanuts</td>
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<tr>
<td>Potatoes</td>
<td>70</td>
<td>34</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>71</td>
<td>23</td>
</tr>
</tbody>
</table>
U.S. Beef Cows Experiencing Drought
Disaster Assistance: Issues for Discussion

• Why disaster assistance at all?
  – Appropriate level of risk sharing
  – How bad is the damage and does it matter?

• For what purpose?
  – Adequacy of Federal crop insurance
  – Crops v. livestock
  – Program crops v. other crops
  – Farms v. nonfarms

• What can policy officials do?
  – No or targeted assistance
  – Cap total disaster spending (what level?)
  – Offset spending
  – Improve/develop alternative tools
Challenge #2—Food v. Fuel

U.S. Annual Ethanol Production

Bil. gal.
U.S. Annual Biodiesel Production

Mil gal.
Food v. Fuel: Issues

• How big will the biofuels market get?
• What ag. adjustments are expected?
• Can enough corn be supplied without serious effects on feed/food/export markets?
• Mitigating factors?
• What can policy officials do?