The Washington Post

USDA Outlines a Plan To Cut Farm Subsidies

Proposal Would Close Many Loopholes

By Dan Morgan and Gilbert M. Gaul
Washington Post Staff Writers
Thursday, February 1, 2007

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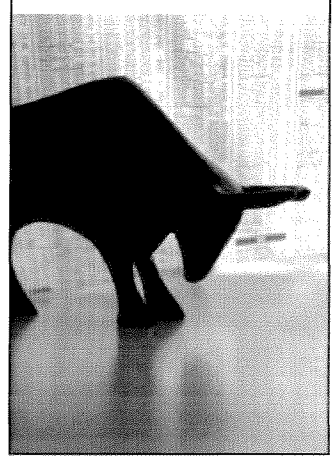

The Bush administration yesterday proposed ending farm subsidies for an estimated 80,000 wealthy individuals as part of a broad plan that would close loopholes and cut traditional farm programs by $4.5 billion over the next 10 years.

The proposal unveiled by Agriculture Secretary Mike Johanns was the administration's opening move in what will be a lengthy tug of war with Congress over a new multi-year farm bill. The current bill, one of the most generous to farmers in history, expires Sept. 30.

Debate on the new legislation comes at a time of major changes in agriculture. Booming demand from new ethanol plants has pushed corn prices to near-record levels. At the same time, U.S. trade partners are threatening retaliation unless the United States curbs crop subsidies that are said to promote overproduction here and low prices for farmers abroad.

"Times have changed," Johanns said, adding that commodity prices are strong, exports are up and farmers have the lowest debt-to-asset ratio in history.

The administration proposal addressed a number of problems raised last year in a nine-part series in The Washington Post.

The Post found, for example, that wealthy commercial farmers were easily able to legally avoid the limits on government subsidy payments. The Johanns plan would save $1.5 billion over 10 years by eliminating subsidies to people with adjusted gross incomes of more than $200,000 -- income after subtracting farm expenses and certain deductions. Deputy Agriculture Secretary Charles F. Conner said that if a farmer is at that level "you're the richest guy in the county."

The administration also promised to tighten rules that have enabled distant relatives of a farmer or a friend in a far-off city to collect payments on the farmer's behalf while doing little or no work.

The plan would close a major loophole highlighted by The Post that in 2005 allowed corn farmers to receive $3.8 billion more than needed to ensure they got the government-guaranteed price. Farmers would no longer be able to collect these "loan deficiency payments" when prices are low and then sell later when prices rise.

Johanns also proposed changes in a program that since 2000 has enabled some landowners who do not farm to still collect $1.3 billion in "direct" farm payments. The Post detailed how some Texas homeowners were drawing these payments on back yards once used as rice fields and known as "cowboy starter kits." The new plan reduces the amount of land eligible for the direct payments after farmland is sold.

Offsetting the reductions in traditional subsidies is nearly $10 billion in new spending for conservation, wetlands restoration and the development of new biofuels.

The current farm programs, which favor large growers of a few crops in a handful of states, retain strong backing in the congressional agricultural committees.

"We've got a long way to go to the finish line," Johanns acknowledged.

Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said in a statement that there were "a number of good ideas" but also complained that the proposal shortchanged a key conservation program he had created as well as spending on biofuels.

The administration plan appeared to be a delicately balanced attempt to parry complaints from U.S. trading partners while at the same time broadening political support in Congress for reforms.

Under the proposal, the safety net for producers of traditional crops such as cotton and corn would be retooled. The new plan would work by increasing income supplements to farmers while reducing price guarantees, which are under attack by Brazil, Canada and other countries.

For example, cotton growers, a key political constituency in Southern states dominated by the Republican Party, would face a reduced price guarantee. But they would be compensated by a 66 percent increase in the annual "direct payment" income supplement from the Agriculture Department.

"This safety net will actually work better across commodities to provide a true safety net," Johanns said. He noted that even in some recent years of soaring farm income, government subsidy payouts were high. The new plan would change that.

At the same time, the plan would offer beefed-up benefits to growers of fruits and vegetables, including $5 billion more through stepped-up government purchases for the school lunch program, as well as more money for research and the development of new markets abroad.

Some voiced concerns about the plan. "It continues to deliver most of the funds to a handful of farmers in a handful of states," said Scott Faber of Environmental Defense.

Steve Ellis of Taxpayers for Common Sense said he had "concerns that the federal government is in the business of providing revenue insurance to farmers."

The administration's proposal also recommends key changes to the Federal Crop Insurance Corp., one of the largest pieces of the nation's sprawling farm-subsidy system, costing taxpayers more than $20 billion in premium subsidies and losses over the past two decades.

The Post reported that private insurance companies that help administer the program made $927 million in profit in 2005, a record, and received an additional $829 million in fees. In some years, the companies have collected hundreds of millions of dollars in profit even as the USDA lost hundreds of millions.

The proposal recommends giving the USDA authority to renegotiate contracts more frequently with the 16 companies, potentially allowing the government to recoup a larger share of profits when times are flush.

"Changes are necessary to ensure a balance of potential gains and losses," the proposal stated.

Database editor Sarah Cohen contributed to this report.

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Group says Iowa lawmaker too close to hog industry

Iowa citizens group files ethics complaint, says lawmaker too close to hog industry

Mike Glover, Associated Press Writer
Tuesday February 24, 2009, 3:04 pm EST

DES MOINES, Iowa (AP) -- A citizen's group filed an ethics complaint Tuesday against a northern Iowa legislator who heads the House Agriculture Committee, claiming she was unfairly influenced by her close ties to the hog industry.

The complaint by Iowa Citizens for Community Improvement contends that Ottosen Rep. Dolores Mertz's sons own a 4,000-head confinement hog operation in southern Kossuth County. The group said that connection has left Mertz unable to fairly oversee the Agriculture Committee.

"The claims that we are making are documented," Hugh Espey, executive director of the citizens group, said at a Statehouse news conference. "This is not conjecture. This is not taken off the top of our heads."

The group filed its complaint with the House Ethics Committee.

Mertz attended a budget committee meeting Tuesday but left the Statehouse soon after the group held its news conference. A telephone call left at her office wasn't immediately returned.

Larry Ginter, a member of the group from Rhodes, said the brothers have owned and operated the operation for at least 10 years and have been cited for five violations in the past five years.

Ginter argued that Mertz, a Democrat, "has a well-documented history of supporting legislation that favors factory farms."

As head of the Agriculture Committee, Mertz is in a position to decide which measures advance and which are stalled, said Barb Kalbach, a group member from Dexter.

Rep. Helen Miller, D-Fort Dodge, head of the House Ethics Committee, said she had not studied the complaint and declined to comment.

Kalbach said committee heads such as Mertz have a virtually unfettered ability to decide the fate of legislation.

"For all intents and purposes she can decide which bills live and which bills die," said Kalbach.

Among bills sent to die have been measures toughening regulation of confinement hog operations, Kalbach said.

The complaint argued that Mertz supported legislation in 1995 "which opened the door wide for factory farm expansion in Iowa" as well as legislation last year that set aside $23 million to study air quality issues at confinement operations.

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Post-Dispatch: Farm subsidies, waste targeted in cabinet meeting

St. Louis Post Dispatch, Bill Lambrecht

Published April 20, 2009

WASHINGTON — President Barack Obama has been clear all along about his desire to cut government subsidies for wealthy farmers (i.e. farmers reporting net incomes of over $250k.)

Of course, getting payment limits through Congress is another story given the potent farm lobby in Washington representing interests from coast to coast. (See Missouri's top subsidy recipients over the years here and Illinois's here, courtesy of Environmental Working Group.)

Today, Obama is holding his first cabinet meeting, which will include an order for agency heads to go through their budgets line-by-line with the goal of cutting $100 million this year. They must report back in 90 days.

To help achieve those savings, the White House announced this morning that recipients of farm programs will be required to sign forms giving the Agriculture Department access to their tax forms.

In other words, absentee landlords and others reaping the bounty of farm subsidies will be less able to skirt the minimal rules that exist now and game the system. Project savings — $16 million annually starting this year.

We noticed a few other interesting targets. In the Department of Education, the White House thinks it can save $6.7 million this year just by requiring employees to rely on their laptops rather than using laptops and desktops, too.

Something that jumped off the page: The Department of Homeland Security is spending $100 million annually on office supplies and software. By our math, that comes to $400,000 for every business day. That's a whole lot of paper clips and copier paper.

What do you do? The Obama administration has begun by exposing Homeland Security's failure thus far to leverage its massive buying power with agreements that enable savings.

By just demanding discounts given all that it spends, Homeland Security will save $47 million a-year — or roughly half of its office supply budget, the White House projects.

Source URL:

Kenyan PM suspends ministers in graft probe

AFP

Sun Feb 14, 11:43 am ET

NAIROBI (AFP) – Kenyan Prime Minister Raila Odinga on Sunday suspended two ministers so they can be investigated for alleged corruption amid growing international pressure to deal with rampant graft.

Odinga suspended for three months and "with immediate effect" Agriculture Minister William Ruto and Education Minister Samuel Ongeri, a statement from his office said.

It said two recent investigations -- one into a subsidized maize scam and the other into the disappearance of funds at the education ministry -- had "laid credible foundations for the two ministers to be investigated".

"For the government to conduct fair, independent and comprehensive investigations... to determine if any individuals need to be prosecuted in these two scandals, it is important that Ruto and Ongeri step aside," Odinga said.

The move comes after the United States, Kenya's largest single aid partner, in January suspended a seven-million-dollar assistance programme at the education ministry "until there is a credible, independent audit and full accountability".

Britain froze its funding for the same ministry a month earlier, after 1.3 million dollars disappeared from the education sector.

The maize scandal involved the theft of 26 million dollars worth of subsidised grain from the strategic reserves used to stabilise prices in times of drought.

Agriculture minister Ruto has previously survived a vote of no confidence in parliament over the issue.

Donors and Kenyans have long called on the country's unity government to make good on its promise to end the culture of impunity in the country.

Both Britain and the US have banned certain Kenyan officials suspected of graft or of blocking reforms from travelling there.

But until this weekend, when several other high-ranking government officials were also told to step aside by President Mwai Kibaki, only junior staff had been investigated and sanctioned.

Among other officials suspended this weekend were four permanent secretaries from the ministries of agriculture, special programmes and education as well as from the prime minister's office.

Odinga's chief of staff and three top officials from the National Cereals and Produce Board were also forced to step down.

"President Kibaki once again reaffirmed the government's commitment to fighting corruption and assured of speedy and conclusive investigations on use of public resources," Kibaki's office said in a statement Saturday night.

Many observers say the two separate announcements highlight a growing rift between Kibaki and Odinga who became prime minister in a power sharing deal in the wake of deadly post-electoral violence in early 2008.

Despite pressure from world powers, Kenya has stalled on introducing key reforms recommended by internationally-backed commissions, and on bringing to justice senior figures believed responsible for the violence, which killed more than 1,000 people and displaced 350,000.

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Kenyan prime minister suspends 2 ministers

AP Associated Press

By TOM MALITI, Associated Press Writer
Sun Feb 14, 12:12 pm ET

NAIROBI, Kenya – Kenya's top two leaders issued contradictory statements about whether two Cabinet ministers had been suspended on Sunday following corruption scandals that have plagued their ministries.

Prime Minister Raila Odinga said Sunday afternoon he had suspended Agriculture Minister William Ruto and Education Minister Sam Ongeri after "the requisite consultations have taken place in government. So this is a government decision."

Kenya's power-sharing deal requires the president and prime minister to consult on Cabinet appointments or dismissals as the portfolios are split between President Mwai Kibaki's Party of National Unity and Prime Minister Raila Odinga's Orange Democratic Movement.

Later Sunday, the president said that the prime minister did not consult him before making the announcement and that the prime minister did not have constitutional authority to suspend the two ministers.

"Therefore constitutionally, the two ministers remain in office," Kibaki said in a statement. "This position should not be interpreted in any way as undermining the ongoing war against corruption."

Education Minister Sam Ongeri, who is a member of Kibaki's party, told journalists he was still in office because Kibaki had not informed about the suspension.

Agriculture Minister William Ruto questioned how the prime minister could suspend him when Odinga chaired the Cabinet that made decisions concerning a discredited maize subsidy program. Ruto is Odinga's deputy in the Orange Democratic Movement.

A PricewaterhouseCoopers forensic audit report made public on Thursday showed Kenya wasted 2 billion shillings ($26.1 million) through corrupt deals made in the government program meant to provide subsidized maize for Kenya's poor.

Fraud uncovered by government auditors in the government's program to offer free primary education has seen Britain and U.S. suspend yet to be disbursed aid.

Kenya suspends ministers over graft allegations

REUTERS

By Daniel Wallis
Sun Feb 14, 2:25 pm ET

NAIROBI (Reuters) – Kenya's prime minister suspended two ministers over corruption allegations on Sunday after the president took the same action against eight officials in moves that will please donors but underline coalition divisions.

Prime Minister Raila Odinga said former ally Agriculture Minister William Ruto and Education Minister Sam Ongeri should step aside for three months to allow further investigations into scandals in subsidized maize and education programs.

"I am taking this action because two recent investigations ... have laid credible foundations for the two ministers to be investigated," the prime minister said in a statement.

Donors and Kenyans have long called for leaders in the unity government to take a tougher line with influential individuals blamed for a raft of major graft cases that have tainted several important sectors of east Africa's biggest economy.

Late on Saturday, President Mwai Kibaki suspended eight officials, also for three months, after they were "mentioned adversely" in reports on the work of the subsidized maize scheme and Kenya's free primary education program.

Donors will welcome the action against senior figures, who include officials from the National Cereals and Produce Board and the permanent secretaries in the ministries of agriculture, education, special programs and prime minister's office.

But many Kenyans said the moves had highlighted rifts between the president and Odinga, the opposition leader who became prime minister after talks to end post-election violence at the start of 2008 that killed at least 1,300 people.

UNHAPPY COALITION

Demonstrating the uneasy relationship between the pair, Kibaki's office said later on Sunday that the president had not been consulted on the suspension of the two ministers -- and that Odinga did not have the authority to take such a step.

Ruto said he was going nowhere.

"I have read very carefully my letter of appointment ... and the appointing authority is very clear," Ruto told local KTN Television. "I have not received any communication from the appointing authority as minister of agriculture and therefore I will continue to discharge my responsibilities."

Tensions have risen since Kibaki allies were implicated in the education scandal, then senior Odinga allies were implicated in the bigger maize procurement case.

The issue of how to deal with high level corruption has soured coalition relations. Among the officials suspended by Kibaki were Mohammed Isahakia, permanent secretary in Odinga's office, and the prime minister's chief of staff, Karol Omondi.

The United States and Britain have both banned a number of Kenyans from traveling to their countries because of graft. Last month, the U.S. ambassador warned that Kenya risked another eruption of violence even before its next presidential poll in 2012 unless reforms were put in place soon.

In an editorial, Kenya's Sunday Nation newspaper said the developments posed a grave danger to the fate of much-needed reforms, and were particularly regrettable because Kibaki and Odinga had been working well together at the start of the year.

"The newfound unity in the coalition saw the country make major strides in a relatively short period of time," it said. "This rosy outlook has been disrupted by the infighting within the cabinet in the last few weeks. Kenyan politicians seem never to miss an opportunity to shoot themselves in the foot."

(Additional reporting by George Obulutsa; Editing by David Clarke and Andrew Roche)

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Volume 68 No. 2
March-April 2009

USDA news

USDA's Employee News Publication—For You & About You!

Here's How We're Working With IRS To Validate Eligibility Of Producers Who Seek USDA Benefits

by Ron Hall
Office of Communications

USDA and the Internal Revenue Service are teaming up to ensure that high-income agricultural producers who request benefits from the Department meet the income eligibility limits that were spelled out in the 2008 Farm Bill. This initiative is to ensure the integrity of farm payment programs and will impact the program delivery efforts of USDA employees located at headquarters and field offices across the country.

"It's part of our effort to make sure that, by improving coordination between federal departments, we spend our tax dollars wisely and we don't waste valuable resources," explained **Candy Thompson**, Acting Deputy Administrator for Farm Programs in the Farm Service Agency.

She pointed out that, according to a recent report by the Government Accountability Office, between 2003 and 2006 USDA made nearly $50 million in payments to recipients who weren't eligible to receive those payments.

"So this initiative is designed to prevent such errors," Thompson emphasized.

Lynn Tjeerdsma, FSA's Assistant Deputy Administrator for Farm Programs, explained that under this initiative, individuals who are seeking benefits from USDA will be required to sign a document giving the IRS permission to verify that they meet income eligibility for that assistance. "That way," he noted, "we're making sure that farm program payments are only provided to eligible producers. And that's per the rules which Congress established."

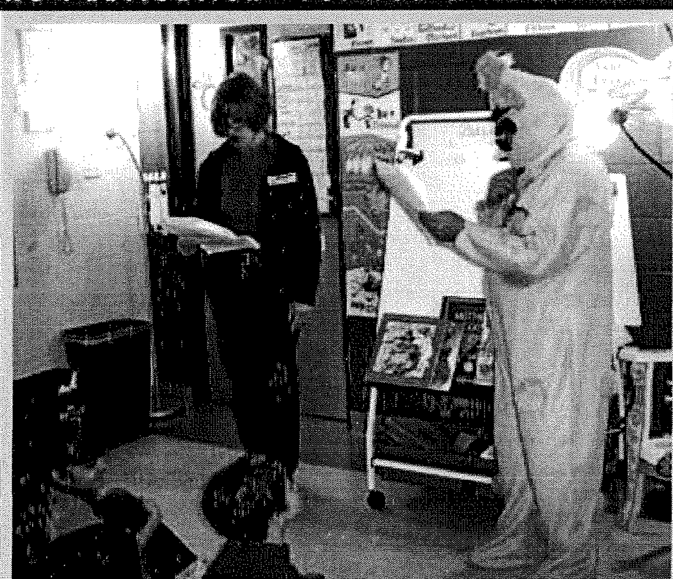
"But," clarified **Brad Karmen**, Assistant to the Deputy Administrator for Farm Programs in FSA, "FSA county employees will *not* look at a producer's tax returns." Instead, he explained, IRS will scan its own tax records, and will then notify USDA that an applicant may not be eligible because that applicant may have exceeded the income tests spelled out in the 2008 Farm Bill.

"Once we get that list from the IRS, we will give producers the opportunity to provide us with evidence of their income."

"And," Karmen underscored, "we'll work carefully to ensure that the privacy of the producer is protected throughout the process."

Tjeerdsma pointed out that it's already USDA's current practice to audit a sample of agricultural producers each year to verify compliance with eligibility rules. "This new initiative," he

continued on pg. 2...



*"Don't put your backpacks or your shoes on countertops or tables," advises FSIS's **Ardith Alford** (left). "No, no, don't listen to her! I like to play in those locations where you're going to put your food!" replies **'Germy'** (right). Alford and 'Germy'—who, when not in costume, is FSIS's **Mahmood Ramzan**—are performing a skit about good food safety techniques before a class of first-graders in Fayetteville, AR. They came up with the character of 'Germy' to get their food safety message across more easily to a younger audience. Now Germy has been added to the arsenal of USDA's 'special characters' who help spread the word about USDA mission-related areas of concern such as food safety, nutrition, and resource conservation. Note the story on page 4.*

This Little Pin Conveys A Pretty Important Message

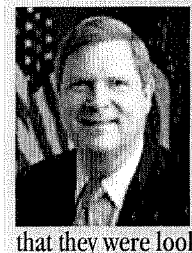
by Ron Hall
Office of Communications

You say you want to ask about the "Ask Me About USDA" pin? Go ahead, ask. Now here's the answer.

There is this pin that's oval in shape, 1.25 inches in length, attaches to a lapel by means of a tiny magnet instead of a safety pin, and contains the words "Ask Me About USDA" that encircle above the USDA logo that, itself, is in green and blue 'earth tones.' The pin has been seen gracing the lapels and collars of a number of USDA employees at headquarters and field locations, including the suit lapel of Secretary **Tom Vilsack**.

"I came up with the idea of this pin about a year ago," explained **Shirley Harrington-Watson**, Program Manager for

continued on pg. 2...



Tom Vilsack *Secretary of Agriculture*

Dear Fellow Employees,

When the American people elected President **Barack Obama** they sent a clear message that they were looking for a more responsible government focused on transparency, accountability, and integrity. On April 20 I attended the first meeting of President Obama's Cabinet and he reiterated his expectation that we run an efficient government that uses taxpayer's dollars wisely.

At the meeting, President Obama challenged me and the rest of his cabinet members to identify $100 million in cost avoidance measures over the next 90 days. All across America, families are being forced to make hard choices and it's time their government did the same. But this $100 million is just a beginning. Here at USDA and across the federal government, we need to review every program and processes to see what's working and what isn't. By doing this, we'll save taxpayer dollars, reduce the deficit, and increase our efficiency. I am particularly interested in ensuring efficient use of the funds provided by the American Recovery and Reinvestment Act of 2009.

One of the first things I did after the inauguration was to ask my staff to submit weekly reports of cost-avoidance measures we could implement at USDA. And I am proud to say that already we have identified savings of nearly $30 million annually:

- USDA worked with the U.S. Treasury Department to develop a system to identify potential fraud and improper payments in farm programs, which could avoid payments of up to $16 million each year.
- We will move 1,500 USDA employees from seven locations into a single facility, saving $62 million over a 15-year lease term.
- Rural Development has replaced some in-person trainings with Internet trainings with a projected annual savings of $1.3 million.
- And the Marketing and Regulatory Programs Mission Area has found approximately $1.6 million in savings through elimination of unnecessary travel, reduced postage, and reorganization of existing processes.

These, and measures taken by other agencies, are terrific first steps that I want to applaud. But in the days and months ahead we need to do more. Everyone has a personal responsibility to be conscious every day of the ways you can conserve taxpayer dollars. It could be as simple as turning off the lights when you leave a room, or reducing your use of office supplies. Maybe it will involve larger strategic thinking about ways to create efficiencies in your program, agency, or mission area. No matter how big or small, I need everyone's help in this effort to identify, eliminate, or modify department programs and systems that aren't working well.

These past months have marked an exciting start to my tenure here at USDA. The work we do here will be critical to steering this nation out of the difficult economic straits we are in and in earning the confidence of the nation we serve. As we come to work every day, let us be mindful of the challenges that this country faces and conduct ourselves so that we live up to the expectations of the American people as we work to achieve our goals. ■

USDA Benefits...continued from pg. 1

said, "will enable us to better monitor program participant eligibility."

He added that this initiative will begin when a memorandum of understanding has been negotiated and signed by USDA and the U.S. Department of the Treasury. IRS is a part of the Treasury Department.

Karmen advised that, at this point, FSA county offices have not been provided any additional instruction or changes in current procedure as a result of this initiative.

"Look," Thompson noted, "like any program that has income eligibility tests, the federal government has a responsibility to verify that only those who are eligible are the ones receiving benefits."

"This joint effort between USDA and the IRS is a step toward better and more targeted verification activities that will reduce erroneous payments." ■

This Little Pin...continued from pg. 1

USDA-wide Conference Coordination within the Office of the Assistant Secretary for Civil Rights. "I wanted to make sure that when our USDA employees are engaged in such mission-oriented activities as attending conferences or staffing USDA exhibit booths, they can be easily identified as employees of this Department."

"But beyond that," she added, "I wanted that identification to help break the ice—in other words, to lend itself to—and even encourage and invite—questions from the public to our employees about USDA's programs and services."

Accordingly, last summer Harrington-Watson worked with a St. Louis-based minority-owned company to coordinate the design and production of the pin. "My division was able to get them produced cost-effectively," she underscored.

She noted that the pins made their debut on the lapels of USDA employees in September 2008 when several employees staffed a USDA booth during back-to-back conferences in Washington, DC of the Congressional Black Caucus and the Congressional Hispanic Institute.

Renee Allen, Executive Assistant to the Assistant Secretary for Civil Rights, said that the pin gained more visibility at the Feb. 12, 2009 dedication of USDA's "People's Garden" located on the corner of USDA's Whitten Building in Washington, DC. The Jan.-Feb. 2009 issue of the **USDA NEWS** carried a story about that dedication.

Allen explained that **Robin Heard**, Acting Deputy Assistant Secretary for Civil Rights, arranged for Harrington-Watson to attend that dedication. "So I took the opportunity to personally attach a pin to the Secretary's lapel myself," Harrington-Watson recounted. "He told me that he thought the pin was an excellent marketing tool and that he wished he had a supply for his suits. So I personally hand-carried several dozen pins to his office later that day."

Regarding additional dissemination of the pins to employees around the country, Harrington-Watson noted that she sports the pin on her lapel at monthly meetings she attends with employees from USDA program agencies and staff offices. "Several of those employees have expressed an interest in ordering the pins for their headquarters and field employees," she said.

One additional development about employees wearing the pin: She observed that that the pin has encouraged employees to learn more about USDA, beyond the scope of their specific work.

"When USDA employees wear the 'Ask Me About USDA' pin, we find that people really take notice," Harrington-Watson affirmed.

"And that's the point." ■

Notes *from USDA Headquarters*

Fighting Wildfires:

Secretary **Tom Vilsack** welcomed Australian Prime Minister **Kevin Rudd** at an event at USDA in honor of the wildfire firefighters who were recently deployed to aid Australia during its wildfire season. The event was held on March 26 in the Patio of USDA's Whitten Building in Washington, DC.

Rudd thanked the U.S. Government for its support in fighting the "Black Saturday" bush fires of February 2009 which destroyed 2,029 homes and killed 210 people in the state of Victoria, Australia.

Tony Johnson, the Training Manager for the Forest Service's Redmond (Oregon) Smokejumpers, was one of two Forest Service employees who participated in the event. He was also one of the 73 individuals who provided firefighting assistance to Victoria. **Eric Bush**, the Training Manager for FS's Malheur Rappel Crew in John Day, OR, who also attended the event, said that 38 of the 73 individuals were from FS, and the remaining 35 were from the U.S. Department of the Interior.

Bush added that the deployed U.S. personnel included three Burned Area Emergency Response Teams, 11 Incident Management Team members, a 20-person Interagency Suppression Crew, and three Liaisons.

"American and Australian firefighters have supported each other for almost 10 years," Johnson noted. "In fact, Australia has provided wildfire assistance to the U.S. in 2002, 2003, and 2006, while the U.S. provided wildfire assistance to Australia in 2003, 2007, and most recently this past February."

Teaming Up:

USDA recently teamed up with Sesame Workshop and the National WIC Association to help children and their families have healthier options and encourage them to make healthy habits a part of their daily routines. In the process, that included some face-time between Secretary **Tom Vilsack** and "Sesame Street's" **Cookie Monster**.

Vilsack announced a partnership with those two entities at the 19th Annual National WIC Association Leadership Conference held in Washington, DC on March 10. "WIC is proven effective at helping low-income mothers get their infants and children off to a healthy start, and through the $500 million provided through the American Recovery and Reinvestment Act of 2009, USDA can further assist those nutritionally at risk," he said.

Debbie Whitford, Chief of the Policy and Program Development Branch for WIC in the Food and Nutrition Service, said that WIC—which is shorthand for the Special Supplemental Nutrition Program for Women, Infants, and Children and which is administered by FNS—is employing outreach kits containing a DVD and a storybook to help deliver child and family-friendly messages from the "Sesame Street" Muppets to aid in implementing the new WIC food packages. "Those new packages include more fruits, vegetables, whole grains, and soy beverages," she said. The March-April 2008 issue of the **USDA NEWS** carried a story about that change to the WIC food packages.

Patty Davis, Chief of the Program Analysis and Monitoring Branch for WIC in FNS, added that Sesame Workshop is the nonprofit organization behind public television's long-running "Sesame Street" TV show, while the National WIC Association is the non-profit education and advocacy voice of WIC.

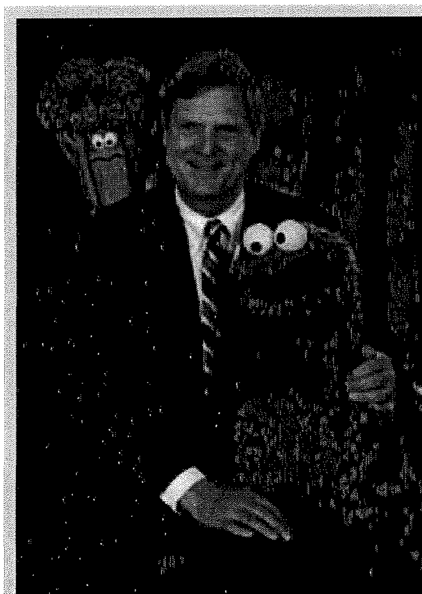
Vilsack and Cookie Monster teamed up at the March 10 event—where Cookie Monster apparently wanted the record to reflect that "Me know cookies are a sometimes food, but me love to eat everything!"

It's Now Online:

USDA is now making videos of its monthly "Diversity Lunch Series" available online. Previously, the Series was not available online, and information about the Series was publicized by word-of-mouth and generally confined to employees in the Washington, DC metropolitan area.

The monthly "Diversity Lunch Series" began in February 2008 and is held at USDA headquarters in Washington, DC. Upcoming programs include "No One's Excluded, White Males Included!" "Fido's for Freedom Assistance Dog Program: Changing the Lives of Persons with Disabilities," and "Career Need a Jump-Start? Join an Employee Organization!" The July-August 2008 issue of the **USDA NEWS** carried a story about efforts, such as the Diversity Lunch Series, to reinvent diversity and inclusion in the USDA workplace.

Elaine Ho, Director of USDA's Office of Workplace Diversity and Inclusion, said that "We wanted to make sure that our field employees have easy access to the Diversity Lunch Series. So, in response to employee inquiries, we've been working to make videos of these programs available online to all of USDA."



*Secretary **Tom Vilsack** poses with "Sesame Street" characters **"Cookie Monster"** (right) and **"Broccoli"** at the 19th Annual National WIC Association Leadership Conference held in Washington, DC on March 10.*
—Photo by Ken Hammond

Accordingly, Ho's office, which sponsors the Diversity Lunch Series, initiated a "Diversity Mailing List." **Lavinia Panizo**, Assistant to the Director of the Office of Workplace Diversity and Inclusion, explained that "By subscribing to that Diversity Mailing List, employees receive links to previous 'Diversity Lunch presentations' which they can view online. Some employees have then taken that a step further by hosting 'viewing sessions'—and then follow-up discussion groups—of the Diversity Lunch Series, in their field offices."

Panizo said that, to subscribe to the Diversity Mailing List—and thereby receive video links to the Diversity Lunch Series—send an e-mail to: listserv@newsbox.usda.gov. Then, in the body of the e-mail, type: "subscribe diversity" and "(your name)." Panizo added that, to date, "Over 250 USDA employees, from headquarters and field locations, have already subscribed to the Diversity Mailing List. So, getting your diversity fix is easy; all you have to do is sign up." ■
—Ron Hall

POLITICO

Vilsack got Ag. Dept. farm subsidies

By: Kenneth P. Vogel and Chris Frates

December 17, 2008 08:40 PM EST

President-elect Obama has pledged to cut farm subsidies and embrace renewable fuels – two initiatives that hit close to the wallet of his newly unveiled pick for agriculture secretary, Tom Vilsack.

From 2000 to 2006, Vilsack, the former governor of Iowa, and his wife **collected $42,782 in subsidies** from the department he was tapped Wednesday to oversee.

Also, Vilsack is a partner at a lobbying law firm that trumpeted his advice to clients on agribusiness development and renewable energy – a job that appears to bump up against Obama's promise to bar appointees from working on issues related to their employment for two years.

Vilsack told Politico he "will do whatever is appropriate in the face of the conflict" between his job as agriculture secretary and his work at the law firm, Dorsey & Whitney. And he said that "if the law requires that I forgo (the farm subsidy) income, then that is what I will do."

A spokesman for Obama's transition team, Nick Shapiro, said, "Governor Vilsack was not a lobbyist on agriculture issues and of course he will represent the interests of the President-elect and the American people, not his former employer."

The Vilsacks' subsidies hardly represent the kind of big-dollar payments to millionaire famers and corporations that Obama has targeted, but they do give Vilsack personal insight into a debate that has long hung over farm policy.

Late last year, Obama traveled to Vilsack's home state **to introduce a plan to cap subsidies** at $250,000 per farmer per year.

And after his election, Obama **singled out farm subsidies** as a top target for his budget-cutting, citing a report showing $49 million in payments to farmers earning more than $2.5 million a year between 2003 and 2006.

"If this is true, it is a prime example of the kind of waste I intend to end as president," he said.

Vilsack also has called for reforms to the subsidy system to limit payments to wealthy land owners.

A spokesman for Obama's transition team said Obama's plans to cut subsidy payments to millionaire farmers doesn't conflict with the Vilsack's relatively meager subsidies.

The Vilsack's subsidies are from the federal Conservation Reserve Program, which essentially pays them not to farm parts of a 592-acre Iowa property they own in order to protect environmentally sensitive land.

Vilsack told Politico that his farm land is managed by a farm manager, who recommends which sections to place in the program. The ex-governor pegged his farm's worth between $500,001 and $1 million in his financial disclosure to the Federal Election Commission.

That's different than the crop commodities subsidy programs that Obama and others have blasted as wasteful, said Craig Cox, Midwest vice president of the Environmental Working Group, a non-profit group that tracks farm subsidies.

"It's great that we have a secretary of agriculture who's participating in a conservation program rather than a crop subsidy program," he said.

But it's not just the subsidies. Vilsack's work at Dorsey & Whitney could put him in conflict with Obama's pledge to "free the executive branch from special interest influence."

No political appointee, Obama's transition team has declared, "will be permitted to work on regulations or contracts directly and substantially related to their prior employer for two years."

Taylor Lincoln, of the government watchdog group Public Citizen, said Vilsack's appointment effectively violates Obama's pledge.

"As secretary of agriculture, he should have to recuse himself from situations affecting clients that he advised. If he advised really big agriculture clients that would be make it impractical to be the secretary of agriculture," said Lincoln, editor of the group's blog becoming44.org.

In an email to Politico, Vilsack said he "had a very limited client list" and didn't detail his agribusiness connections. He said his one energy client, MidAmerican Energy, had no business pending before the federal government. He spent the bulk of his time organizing Iowa nonprofits and pursuing a personal injury case.

"I can promise I will do whatever is appropriate in the face of the conflict," he wrote.

The firm has done a small amount of federal lobbying, bringing in $70,000 this year and last representing the National Education Association and Chicken of the Sea International, according to the Center for Responsive Politics, a non-partisan group that tracks political money.

Vilsack's situation is similar to former Sen. Tom Daschle, Obama's pick to head the health and human services department. The former Senate majority leader is a special policy adviser for the lobbying law firm Alston & Bird. And in his three years there, the firm has earned more than $16 million representing some of the health care industry's most powerful interests before the department he's in line to lead.

Neither Vilsack nor Daschle are registered lobbyists.

Update: Vilsack lobbied for the National Education Association, Senate records confirm.

FOX NEWS .com

Agriculture pick Vilsack was registered lobbyist

Thursday, December 18, 2008

By MARY CLARE JALONICK, Associated Press Writer

WASHINGTON —

ADVERTISEMENT

Until the end of March, Barack Obama's pick for agriculture secretary was registered to lobby for the country's largest teacher union, whose issues include nutrition programs overseen by the Agriculture Department.

But former Iowa Gov. Tom Vilsack did not lobby on nutrition or agriculture matters, a spokesman for the president-elect's transition team said Thursday, and therefore has no conflict of interest problem.

Obama has promised to lessen the influence of special interests in his Cabinet. People working for his transition are prohibited from working in the "fields of policy" in which they lobbied over the last 12 months.

He has not detailed the rules for his Cabinet. But transition head John Podesta indicated last month that people going into service in the Obama administration may have to stay away from issues on which they lobbied for two years.

Vilsack registered to lobby for the National Education Association through the law and lobbying firm Dorsey and Whitney in Des Moines, Iowa, where he is a partner. The NEA has included nutrition programs _ which fall under the Agriculture Department _ on its agenda for a rewrite of the No Child Left Behind education law. An overhaul has been one of the association's priorities.

"Governor Vilsack was not a lobbyist on agriculture or nutrition issues and of course he will represent the interests of the president-elect and the American people, not his former employer," said Nick Shapiro, a spokesman for the Obama transition team.

Neither Vilsack nor the NEA returned several messages left Thursday.

The Iowan was registered to lobby both the House and Senate on the education law between May 2007 and March 2008.

In a document on its Web site, the NEA listed school breakfast and lunch programs administered by the department as among the priorities for the rewrite. Congress is planning to take a look at those nutrition programs, some of which expire next year, when lawmakers return in January.

In addition to his lobbying registration, Dorsey and Whitney's Web site says that Vilsack, who began working there after he left his governor post in 2006, "focuses on strategic counseling and advising clients in the fields of energy conservation, renewable energy and agribusiness development." Those are all areas that partially fall under the Agriculture Department.

A spokesman for Dorsey and Whitney, Bob Kleiber, said Vilsack helped with business and client development for the firm, along with his work as a lawyer. He said Vilsack did not lobby any of the firm's agricultural clients.

He would not give details about Vilsack's client list.

"We don't go there unless it's a matter of public record, which it's not," Kleiber said.

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MSNBC.com

Subsidy debate weighs farmers vs. children: Vilsack

Reuters
updated 1:21 p.m. PT, Mon., March. 2, 2009

WASHINGTON - By Christopher Doering and Roberta Rampton

U.S. lawmakers will need to choose between supporting rich farmers or feeding more hungry children amid a slumping economy and a surging deficit, U.S. Agriculture Secretary Tom Vilsack said on Monday.

Vilsack said he already has heard concerns about the Obama administration's plan to redirect subsidy payments for large farmers into nutrition programs as a way to help end hunger by 2015 and stem the rising tide of childhood obesity.

"We will do our best to frame this discussion in that way, so that people understand: 30 million children, 90,000 farmers," Vilsack told Reuters after speaking to people who work with the nation's food banks and anti-poverty groups.

"It is a tough choice, but it's a choice that folks are going to have to make," he said.

President Barack Obama last week outlined what some have called one of the most ambitious agendas for social change ever seen in the United States, pledging to raise taxes on the rich to boost services for those lower on the economic ladder.

For his first budget, he proposed phasing out direct payments to farmers with sales of more than $500,000 a year, to save $9.8 billion over 10 years, or roughly one-fifth of the $5.2 billion spent annually on the payments.

Farmers say they count on the payments, paid regardless of crop prices, to help provide stability amid volatile commodity prices, high costs for fertilizer, and unpredictable weather.

About 126,000 U.S. farms have sales above $500,000 a year, according to the Agriculture Department.

The administration would rather spend the money on childhood nutrition programs.

"I have never known hunger, but 36 million Americans do," Vilsack said, noting USDA programs help one in six Americans get enough to eat.

More than 31 million people a month receive help to buy groceries from the U.S. Agriculture Department through food stamps, and about 32 million kids eat lunch each day through the school lunch program.

An extra $1 billion on top of the $16 billion spent on child nutrition programs will help fill empty stomachs, but anti-hunger groups said they will ask Congress for even more.

"I think it will be an interesting and difficult discussion to have with members of Congress," said Vicki Escarra, head of Feeding America, a network of more than 200 food banks.

The Food Research and Action Center estimates $20 billion over five years is needed to address the problem of hunger.

Obama's proposal is "an important step forward and can do a great deal of good. It's not enough to be transformative," said Jim Weill, president of FRAC.

Farm groups and influential farm state lawmakers already have spoken out against the plan.

"A cut-off at $500,000 in gross sales is way too low because that affects family farmers, not just big agribusiness. It doesn't take many acres to reach that," added Tom Buis, president of National Farmers Union.

Farm payment spending is a "drop in the bucket" compared to nutrition spending, which takes up two-thirds of USDA's budget, said Tara Smith, director of congressional relations for the American Farm Bureau Federation.

Vilsack urged anti-hunger advocates gathered in Washington to make the case to Congress to support the move.

"There are vested interest groups that want to protect those payments," Vilsack said in a speech.

"They are very vested. One fellow suggested that this was a declaration of war," he said.

Representative Jim McGovern, who said he will soon introduce a bill in the House to end childhood hunger by 2015, also warned Obama's budget proposal would face a fight.

"There are no guarantees here," McGovern said. "We can't blow it. All of us have to be part of this army."

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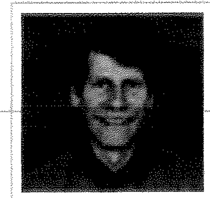
05/06/08 Court orders FSA to release farm data

by Bob Hoff, click here for bio



Program: Northwest Farm and Ranch Report
Date: May 06, 08

Farm and Ranch May 6, 2008 The USDA├ s Farm Service Agency last week began releasing sets of complex and statistically detailed databases from its files about farming operations throughout the United States. The release is the result of a federal court order in a Freedom of Information Act Request. Glen Keppy, Associate Administrator of the FSA, says that while individual producers are not directly identified, the data release includes Farm Compliance Records.

Keppy: Planting dates; reported acreage; official acreage measurements, insurance coverage; type of crop; whether or not the crop is irrigated; intended use of crop, whether he has had any prevented planting or failed acreages, is the information included in there.├

Keppy says Farm Field Common Land Unit information was also released.

Keppy: This file gives the exact location of farmers using global positioning technology; it shows farm field boundaries; farm numbers; tract numbers, acres and Conservation Reserve Program land.

Keppy says when you combine this release with other forced data releases, like the payment information given to the Environmental Working Group, you can start putting some scenarios together about rural America.

House Agriculture Committee Chairman Collin Peterson says he doesn├ t like the ruling requiring the data disclosure, but his committee does not have jurisdiction over the legal issues involved.

I├ m Bob Hoff and that├ s the Northwest Farm and Ranch Report on the Northwest Ag Information Network.

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BismarckTribune.com

Millionaires get farm subsidies

LARRY MARGASAK Associated Press Writer | Posted: Monday, November 24, 2008 6:00 pm

WASHINGTON - A sports team owner, a financial firm executive and residents of Hong Kong and Saudi Arabia were among 2,702 millionaire recipients of farm payments from 2003 to 2006 - and it's not even clear they were legitimate farmers, congressional investigators reported Monday.

They probably were ineligible, but the Agriculture Department can't confirm that, since officials never checked their incomes, the Government Accountability Office said.

The Agriculture Department cried foul: It said the investigators had access to Internal Revenue Service information on individuals that the department is not permitted to see.

John Johnson, deputy administrator in the department's Farm Service Agency, said officials there are in touch with the IRS to devise a system for including tax information in its sampling program to determine eligibility.

He added that the 2,702 recipients cited by GAO were a small percentage of the 1.8 million recipients of farm payments from 2003 through 2006.

The investigators said the problem will only get worse, because the payments they cited only covered the 2002 farm bill subsidies. The 2008 farm legislation has provisions that could allow even more people to receive improper payments without effective checks, they said.

There are three main types of payments: direct subsidies based on a farmer's production history; countercyclical payments that kick in when prices are low and disappear when they recover; and a loan program that allows repayment in money or crops.

The 2002 farm bill required an income test for the first time.

An individual or farm entity was ineligible if average adjusted gross income exceeded $2.5 million over three years - unless 75 percent or more of that income came from farming, ranching and forestry.

According to the report, the 2,702 recipients exceeded the $2.5 million and got less than 75 percent of their income from these activities. The payments to them totaled more than $49 million.

"USDA has relied principally on individuals' one-time self-certifications that they do not exceed income eligibility caps, and their commitment that they will notify USDA of any changes that cause them to exceed these caps," the GAO said.

The report said Agriculture field offices have been able to request that recipients submit tax returns for review.

But the administrator in charge of the payment programs, Teresa Lasseter, told the GAO, "Requiring three years of tax returns initially from over 2 million program participants was not a viable option or cost-effective alternative."

The GAO said 78 percent of the recipients resided in or near a metropolitan area, while the remaining 22 percent resided in large towns, small towns, and rural areas.

Further, the investigators said the Agriculture Department should have known that 87 of the 2,702 recipients were ineligible because it had noted in its own databases that they exceeded the income caps.

The GAO said it was prevented by law from identifying individuals cited in its report, but the investigators offered these examples of likely improper payments:

n A founder and former executive of an insurance company received more than $300,000 in farm program payments in 2003, 2004, 2005, and 2006 that should have been subject to the income limits.

n An individual with ownership interest in a professional sports franchise received more than $200,000 for those same years that should have been barred by the income limits.

n A person residing in a country outside of the United States received more than $80,000 for 2003, 2005 and 2006 on the basis of the individual's ownership interest in two farming entities.

- A top executive of a major financial services firm received more than $60,000 in farm program payments in 2003.

- A former executive of a technology company received about $20,000 in years 2003, 2004, 2005, and 2006 that were covered by the income limits. This individual also received more than $900,000 in farm program payments that were not subject to those limitations.

The investigators also found nine recipients resided outside of the United States - in Hong Kong, Saudi Arabia, and the United Kingdom, for example.

The remainder resided in 49 of the 50 states, the District of Columbia, and the Virgin Islands.

Five states - Arizona, California, Florida, Illinois, and Texas - accounted for 36 percent of the recipients and 43 percent of the $49.4 million in farm program payments.

USDA news
USDA's Employee News Publication-For You & About You!

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March-April 2009

Here's How We're Working With IRS To Validate Eligibility Of Producers Who Seek USDA Benefits

by Ron Hall, Office of Communications

USDA and the Internal Revenue Service are teaming up to ensure that high-income agricultural producers who request benefits from the Department meet the income eligibility limits that were spelled out in the 2008 Farm Bill. This initiative is to ensure the integrity of farm payment programs and will impact the program delivery efforts of USDA employees located at headquarters and field offices across the country.

"It's part of our effort to make sure that, by improving coordination between federal departments, we spend our tax dollars wisely and we don't waste valuable resources," explained **Candy Thompson**, Acting Deputy Administrator for Farm Programs in the Farm Service Agency.

She pointed out that, according to a recent report by the Government Accountability Office, between 2003 and 2006 USDA made nearly $50 million in payments to recipients who weren't eligible to receive those payments.

"So this initiative is designed to prevent such errors," Thompson emphasized.

Lynn Tjeerdsma, FSA's Assistant Deputy Administrator for Farm Programs, explained that under this initiative, individuals who are seeking benefits from USDA will be required to sign a document giving the IRS permission to verify that they meet income eligibility for that assistance. "That way," he noted, "we're making sure that farm program payments are only provided to eligible producers. And that's per the rules which Congress established."

"But," clarified **Brad Karmen**, Assistant to the Deputy Administrator for Farm Programs in FSA, "FSA county employees will *not* look at a producer's tax returns." Instead, he explained, IRS will scan its own tax records, and will then notify USDA that an applicant may not be eligible because that applicant may have exceeded the income tests spelled out in the 2008 Farm Bill.

"Once we get that list from the IRS, we will give producers the opportunity to provide us with evidence of their income."

"And," Karmen underscored, "we'll work carefully to ensure that the privacy of the producer is protected throughout the process."

Tjeerdsma pointed out that it's already USDA's current practice to audit a sample of agricultural producers each year to verify compliance with eligibility rules. "This new initiative," he said, "will enable us to better monitor program participant eligibility."

He added that this initiative will begin when a memorandum of understanding has been negotiated and signed by USDA and the U.S. Department of the Treasury. IRS is a part of the Treasury Department.

Karmen advised that, at this point, FSA county offices have not been provided any additional instruction or changes in current procedure as a result of this initiative.

"Look," Thompson noted, "like any program that has income eligibility tests, the federal government has a responsibility to verify that only those who are eligible are the ones receiving benefits."

"This joint effort between USDA and the IRS is a step toward better and more targeted verification activities that will reduce erroneous payments."

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Farm bill 2012: farmers weigh in

Tue, 2010-05-18 09:32
Delta Farm Press
Ron Smith
Byline: Ron Smith, Farm Press Editorial Staff

Farm commodity representatives asked members of the U.S. House of Representatives Committee on Agriculture to do all they can to maintain the basic structure of the 2008 farm law, but suggested sweeping changes in a few new programs such as ACRE and SURE.

The representatives, speaking at a hearing in Lubbock, Texas, also asked committee members to increase crop insurance coverage while making premiums more affordable and to maintain direct payment and marketing loan options.

Testimony from 13 individuals representing commodity groups and the crop insurance industry was far-ranging, covering issues from dairy to sugar cane and included comments from cotton, corn, livestock, grain, peanut and rice producers. Eight members of the Agriculture Committee attended the hearing.

"We need to be sure the farm bill is meeting the needs of Texas farmers," said Collin Peterson, D- Minn., chairman of the House Agriculture Committee.

Peterson said these hearings, seven so far, were designed to "get some ideas on paper for the ag industry to respond to. The next farm bill markup will begin about this time next year," he said. "December 2010 is the target date to get it out of the House, in time for 2012 planting season."

Peterson said the 2012 farm bill debate will occur with the committee knowing it has less money to work with.

Even with funding restrictions, producers insisted that investing in production agriculture remains sensible economy. "Sound farm policy is essential to protect the viability of the cotton industry and commercial agriculture in every part of the United States," said Brad Heffington, a Lamb County, Texas, cotton and grain farmer. "In regard to cotton, we believe effective farm policy should adhere to a few clearly prescribed principles."

Those principles include a market-oriented program that promotes quality, efficiency and domestic competition; full production to meet market demand; effective financial safety net, availability of competitively-priced U.S. cotton to domestic and international textile mills; and maximum participation without regard to size or business structure.

Heffington said the marketing loan is the center piece of the farm program. "It provides a safety net but does not harm the basic competitiveness of U.S, cotton."

Doyle Schniers, a cotton and grain farmer from San Angelo, said stability has been the "core principal of farm programs in the United States since the Great Depression. To maintain that stability, he said, farmers need "a sound farm policy that will protect the viability of the cotton industry and American agriculture."

He agrees that the marketing loan is crucial. He said new crop insurance products, "such as revenue coverage, enterprise policies and group risk coverage have given producers options for risk management," but should "complement traditional commodity programs, not be used to replace them."

Dan Smith, Lockney, Texas, representing sorghum producers, encouraged the committee to "invest in the Energy Title of the farm bill. Currently more than one quarter of the U.S. grain sorghum crop is processed through an ethanol plant," Smith said. "Renewable fuels is the fastest growing value-added market for the sorghum industry."

He also encouraged committee members to "consider programs that reward decreased use of water in the semi-arid sorghum belt."

Jimbo Grissom, Seminole, Texas, president of the Western Peanut Growers Association, said the current farm program could be stronger and provide more financial support, "but (it) provides an understood and reliable basis upon which a lender can work with a farmer, even in bad times. If not successful in getting a satisfactory revenue insurance program through the administrative proceedings of RMA, we will seek legislation that makes a good revenue program a reality for peanut producers."

Grissom and others, responding to a question from Rep. Mike Rogers of Alabama, said they would be reluctant to give up the direct payment program for a new insurance policy with higher yield coverage and more affordable premiums.

"The direct payment is a dependable security for our lenders, and it is the only part of our program that can be reliably protected from World Trade Organization sanctions," Grissom said.

"Direct payments have been essential in insuring the vital support farmers need to meet the demands of the agriculture industry," added David Cleavinger, Texas Wheat Producers Association. "The reliability of this program cannot be overlooked in meeting the needs of producers who are unable to utilize other federal safety net programs."

The Texas cattle industry would like to see market promotion programs "meet current and future market trends and opportunities in worldwide beef trade," according to Joe Parker, Texas Southwestern Cattle Raisers.

"It is essential to recognize that U.S. ranchers compete in a global marketplace. U.S ranchers compete with foreign producers who benefit from an incredibly complex mix of subsidies, tariffs, and state trading enterprises, as well as a broad range of other devices to deny market access to U.S. goods.

"In addition, many of these ranchers are not held to the same standards of regulatory compliance as U.S. ranchers and thus enjoy a significant cost advantage."

He said any program with a substantial negative effect on cattlemen should "be opposed and prevented." He said TSCR "will strongly oppose direct cash payments to any segment of the livestock industry for the purpose of offsetting low market prices."

He said the cattle industry will continue to oppose energy policies that are not supported by market demand and "putting food and fuel in competition with each other."

L.G. Raun, El Campo, Texas, rice producer, said the "existing safety net protection levels have simply not kept pace with the significant increases in production costs. Rice farmers believe strengthening the safety net would be helpful in ensuring producers have the ability to manage their risks and access needed credit," he said.

Raun explained that Texas rice acreage has plummeted from a high of 600,000 acres to 185,000 this year. Part of the recent loss has been due to "the unintended consequences of decoupling farm program payments from production." Decoupling resulted in significant acreage being idled while landowners collected direct payments.

Raun said trade policies also should be addressed and that rice producers "have seen nothing in the Doha Round negotiations that would change" the current situation in which the United States is "outgunned by foreign subsidies and tariffs. In many ways Doha would make matters worse."

He said current policies give advantages to China, India and Brazil and market it as "trade liberalization or free trade in Washington or Geneva, but we in the countryside see it for what it really is: Picking winners and losers in the global economy based on politics."

"Our challenge for the next farm bill is how to modify existing policy so it is functional in an age of highly variable costs of production and revenue," said Dee Vaughan, a director for the Corn Producers Association of Texas and the Texas Corn Producers Board.

"We should move forward carefully so that policy is designed that works for all commodities. Perhaps a single policy is no longer realistic but we should make sure no segment is disadvantaged as resources are allocated. It makes no sense for me as a corn producer to seek policy that is not fair to someone else."

He also cautioned the committee "not to rob the commodity title to enhance the conservation program. Producers and lenders will not be able to support additional investments in conservation cost sharing if the farm is not profitable."

Billy Bob Brown, representing the Texas Farm Bureau, said risk management, "especially crop insurance, is critical to Texas producers generally and especially those in this region of the state. Over a 20 year average, Texas has a loss ratio of 126 percent while the United States experienced an 85 percent loss ratio. These numbers emphasize that any proposed changes in crop insurance must recognize the challenges producers face in Texas each year."

Ronnie Holt, chairman of the Crop Insurance Professionals Association (CIPA), and a cotton, corn and grain sorghum farmer from Muleshoe, Texas, said crop insurance is a vital part of Texas farms. "Federal crop insurance is a lot more important to my operation than the commodity title today and given the challenge of doing business and on a playing field that is tilted against us in many ways, both the farm bill and federal crop insurance are justified."

He said CIPA "strongly supports efforts to improve and expand access to quality coverage. There is no reason why every farmer in this room and every farmer in this country should not be able to buy an 85 percent revenue policy that is tailored to the risks unique to the crops they grow. There is no legal impediment."

He said the committee should recognize that regions, crops and practices are different and that "cookie cutter policy will not work."

"We urge you not to destroy the effectiveness of the crop insurance program," said John Lackey, with Texas Citrus Mutual. "For Citrus, it is the only safety net we have."

He also urged the committee to support the AgJobs bill, which has "bipartisan support. We need a guest worker program in place to meet our future needs or we will continue to see Texas based operations move to Mexico and to see our domestic produce industry shrink."

Dale Murden, a sugar cane, citrus, grains, vegetable and soybean producer from Monte Alto, Texas, would like to see the Biomass Crop Assistance Program (BCAP) include payment options for sugar cane.

"He said Congress has developed a program that "is working for sugar," the 2008 farm bill, "to the considerable benefit of consumers and at zero cost to taxpayers and is giving the remaining American sugar farmers a chance to survive. And it fully complies with the rules of the WTO. We strongly urge continuation of this successful, no-cost policy in the next farm bill," he said.

Brad Bouma, Plainview, Texas, spoke on behalf of Select Milk Producers, Inc., and Continental Dairy Producers, Inc., and urged the committee not to adopt supply management programs and to put sustainability of dairy farming "at the forefront of policy changes."

He also encouraged the committee to eliminate the price support program. "We must let market forces work," he said. Less, not more, government involvement is needed to make the (U.S.) dairy industry the best in the world."

Speakers also commented on the shortcomings of the ACRE and SURE programs, needed changes in crop insurance coverage and the ongoing discussions with Brazil on the WTO cotton case.

e-mail: rsmith@farmpress.com

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Farm program cuts to be deep

Wed, 2010-12-22 09:35
Ron Smith

Significant cuts are coming to farm programs when the next farm bill becomes law, probably in 2012.

"All signs point to less of a safety net. I can't put a positive spin on what's happening in Washington," said Joe Outlaw, professor and Texas AgriLife Extension economist. "Congress can't take less money and make everyone better off."

How deep could the cuts go? Depends on whose numbers get the most attention, but proposed cuts by either the National Commission on Fiscal Responsibility and Reform or the Bipartisan Policy Center indicate severe reductions, Outlaw said.

The former would eliminate $1 billion out of a $6 billion total. The latter would take $3billion, half the current budget.

"The 2002 farm bill had $11 billion in the commodity program," Outlaw said during the Texas Plant Protection Association annual conference in College Station. "In 2008, we got $6 billion." Funding for crop insurance doubled and nutrition program funds more than doubled.

Outlaw said 38 programs in the 2008 farm bill do not have baselines to carry them forward. He said one possibility congress might consider is redirecting funds to "those at risk. For sorghum, cotton, rice and wheat, direct payments are going to landowners. The safety net is not going to farmers."

DP main target

Those funds could be redirected to producers. "But direct payments will be a main target," Outlaw said.

Agricultural commodity groups will need to prioritize issues. "Each group will want a fair share.

"We see a lot of uncertainty. All people in Washington want to talk about are the budget and the deficit. They are looking for places to cut, and agriculture will take a hit. I expect to see more money spent on crop insurance than on commodity programs."

Nutrition programs will claim 75 percent of the agriculture budget.

Outlaw said uncertainty also hangs over the ag committees. Frank Lucas, R-Okla., will be the new chair of the House Agriculture Committee and has been a strong supporter of agriculture. Less known will be the Senate chairman, Debbie Stabenow, D-Mich., who will replace Blanche Lincoln. “She (Stabenow) is an unknown entity,” Outlaw said. “Losing Lincoln was a big hit. She knew southern crops.”

He said the Brazil cotton case also will weigh on farm bill debates as legislators contemplate the $147 million a year paid to “Brazilian farmers to make them better. That will not sit well in Washington. And the rest of the world will look at cotton in the next farm bill.”

Outlaw expects debate to begin in 2012. He said Collin Peterson would have begun the process in 2011, but Lucas prefers to “stick with the current program. They can’t do much with the farm bill until they know how much of a cut agriculture will take.”

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USDA/DOJ workshops: market fairness, transparency a must

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David Bennett

A series of joint workshops between the USDA and Department of Justice concluded on Wednesday with an exploration of farming/agribusiness trends. A driving concern for the workshops was the role of farm-industry consolidation and the potential for antitrust legal action.

Along those lines, many of the speakers called for proposed changes to GIPSA (Grain Inspection, Packers and Stockyards Administration) in order to bring pricing fairness and greater transparency to markets.

During the morning session, a diverse set of panelists, representing each link of the food supply chain, told Agriculture Secretary Tom Vilsack and Attorney General Eric Holder what needs to be done to ensure a vigorous, profitable marketplace.

Warning signs

To set the stage, Vilsack provided sobering statistics – "warning signs" - to illustrate the need for reform and justify the Obama administration's efforts to revitalize rural America. "In these workshops, and in my travels across the country, a number of themes have emerged: producers want to have or maintain marketing options, they want transparency, they want access to markets, they have fewer buyers with whom to do business with, they struggle with debt and face challenges accessing capital, and last, they just want to be treated fairly and be respected.

"But most importantly, they all care about the future of agriculture and want it to succeed, which is why we have seen such overwhelming response and attendance at these workshops."

• In the past 40 years, the United States has lost 800,000 farmers and ranchers.

• Farmers are aging. From 2002 to 2007, the average age of a farmer increased from age 55 to 57. And the number of farmers aged 75 years or older increased by 20 percent over the same period. Meanwhile, the number of operators under 25 years of age decreased by 30 percent.

• In 2009, a hog producer received 24.5 percent of the retail value of a hog — and it was over double this percentage in 1980 (50 percent). In 2009, 13.6 percent went to the packer, and 61.9 percent to the retailer.

• A cattle producer gets 42.5 percent of the retail value of a steer in 2009, which compares to 62 percent in 1980. In 2009, 8.5 percent went to the packer, and 49 percent to the retailer.

• The four largest retailers accounted for 37 percent of U.S. grocery store sales in 2009, compared to 34 percent in 2004, 28 percent in 1999, and 17 percent in 1994. "And we know that concentration can be much higher in certain regions."

Vilsack said in 1980 "there were roughly 667,000 pork producers. Today, there are 67,000. So, 90 percent of the pork producers are out of business.

"Looking at cattle producers, there were about 1.6 million in 1980. Today, there are about 975,000.

"In the dairy sector, just go back 10 years when there were 110,000. Today, there are about 65,000.

"If you look at the people who produce the bulk of our food, it's really about 200,000 to 300,000 farmers. There are about 2.2 million farmers – less than one percent of our population. Roughly one-tenth of 1 percent of those farmers produce 85 percent of our food."

Another disturbing fact: 1.9 million of the 2.2 million U.S. farmers "are either losing money or, in one of the best years we've had in a while (where farming income is up 31 percent), farmers in the middle will make an average of about $6,400. That isn't enough to support a family."

Meeting consumer demand

Vilsack asked panelists how consumer demand impacts decisions on food marketing. "And for those of you who work, or represent, retail, processing or distribution can you walk us through how you ensure that demand is being met appropriately."

Ben Burkett, producer with the Mississippi Association of Cooperatives, said "consumers want to know where their food comes from. Consumers are really driving the 'know your farmer' effort and (they) realize that buying fresh, buying local supports the local community. So, we stay in contact with grocers and supermarkets and farmers' market so we know we're producing what they really want."

From the packing industry perspective, "our customers are retailers and food service companies," said Barry Carpenter, CEO of the National Meat Association. "Our feedback on consumer demand comes through them as they place orders and come to us to develop new products.

"The message we hear loud and clear is that some things haven't changed: consumers still want a consistent, quality product that has value. In addition, there seems to be more and more awareness of making sure you get what you're looking for in the products."

That's being largely dealt with through branded products, said Carpenter. A recent study showed "that over two-thirds of the meat packages in the meat case were branded. Those brands carry a message and are intended to develop trust with the consumer."

Retailers meet demand through forecasting based on historic models," said Erik Lieberman, Regulatory Counsel, Food Marketing Institute. "Past performance is a key indicator. Some retailers track daily demand. ... Factors considered in making decisions at the retail level include the demographics of the market, seasonality/time of month – folks tend to spend more money early in the month after they get paid – and advertising. So, you look at how consumers responded to advertising in the past, maybe a feature on the front page of a flyer. Then, you forecast accordingly."

South Dakota cattle producer Vaughn Meyer has noticed "a 20 percent increase in certified and branded programs in the last decade. We realize that's what the consumer is looking for.

"But, overall, I'd say the producer is having trouble understanding what the consumer wants. If you look at our cattle cycles ... we've typically been going through a cycle of 10 to 12 years. As consumer demand decreases, you have cattle numbers following."

Such cattle cycles are no longer so predictable, said Meyer. "Since 1996, the cattle industry has been in a liquidation phase."

The thing that's "really changed" in the last decade in terms of marketing "is how consumers determine value," said Dan VincentPresident and CEO of Pacific Coast Producers. "It used to be just price. Now, it's a combination of price/quality and, recently, food safety."

As for the effect of consolidation, Vincent said 10 years ago "our company's top ten accounts in retail were 50 percent of our revenue. Today, the top ten accounts are 90 percent of our revenue. In food service, it's even more concentrated – two accounts make up 90 percent of our business."

Consumers are becoming more and more interested in where their food is coming from," said Christopher Waldrop, director of the Food Policy Institute, Consumer Federation of America. "That's echoed in the interest in local, sustainable and organic food. But it's also (the fact) that consumers want more information, period, about their food.

"Where it comes from is one issue. They also want to know food is nutritious, that it's safe. They want more information about the ingredients and what makes up the food. Consumers are looking for a lot more information about their food – certainly, not less."

The future

Holder wanted the panelists to predict what their industries will look like in 10 years. He also asked what is needed "to ensure a competitive, open agricultural economy in the future?"

Burkett: "I think the concentration of the marketplace is really having an impact on producers. There are only, maybe, four major chains controlling the majority of marketing of fresh produce and vegetables.

In the next 10 years, that really needs change, to open up and be more transparent. That way, small farmers or cooperatives can be major players in the market and receive a higher margin of profit."

Producers create value in livestock by "going with the extra cost of grass-feeding," said Carpenter. "They need to know there will be a mechanism to capture that added value as it moves through the marketing chain."

For all parties to see success "we'll have to see more and more communication up and down the marketing chain and more cooperation to target the needs of the consumer."

In the retailing side, "you'll see continued diversification of the marketplace," said Lieberman. "We're seeing that already.

"It's amazing how the markets have changed. Thirty years ago, folks had to buy most groceries at a conventional supermarket. Today, it's so much more diverse. ... We've got the conventional supermarkets but also 'supercenters' and warehouse club stores and natural food stores and dollar stores. ... This has resulted in very intense competition." Competition is so cut-throat that margins can be a penny per dollar.

"So, in the future, I think we'll see continued diversification that will mean more competition and lower costs for consumers," continued Lieberman. "In the 1940s, an American family spent about 19 percent of their income on food eaten at home. Today, that percentage is 5.5. That has raised quality of life."

Meyer said cattlemen "see an increase in demand for a lot of niche products. We don't see percentages going any (particular) way – you'll always have groups wanting this or that. (That will continue) in the next 10 years."

Meyer also agreed that greater communication at all levels is a must. But most important: keeping cattlemen in business for the next decade. "To be there in 10 years will be a struggle for producers. It will be quite a feat. (Currently), we're losing 1,000 producers per month. That's alarming.

"We're ready to work, ready to listen. But we've got to be there. We must have fairness in the markets."

Meyer pointed out that in 2009 the consumer price index went up 1.4 percent on all food products. Meanwhile, "producers have a lot of fixed costs – all fuels went up 5.4 percent, gasoline went up 9.9 percent, diesel fuel went up 14 percent. That's nine times (the percentage rise) in food."

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