



# **The 2007 Farm Bill:** *Montana producer preferences for agricultural, food and public policy*

Agricultural Marketing Policy Center  
Linfield Hall  
P.O. Box 172920  
Montana State University  
Bozeman, MT 59717-2920  
Tel: (406) 994-3511  
Fax: (406) 994-4838  
email: [ampc@montana.edu](mailto:ampc@montana.edu)  
website: [www.ampc.montana.edu](http://www.ampc.montana.edu)

**James B. Johnson**  
Emeritus

**George W. Haynes**  
Professor

**Gary W. Brester**  
Professor

**Objective Analysis**

**For Informed**

**Decision Making**

Agricultural Marketing Policy Paper No. 20  
February 2007

# Acknowledgements

---

The authors acknowledge the suggestions provided by the Montana Department of Agriculture, U.S.D.A. National Agricultural Statistic Service (NASS) Montana Field Office, and Dr. Bradley D. Lubben, Assistant Professor and Extension Specialist, University of Nebraska-Lincoln.

The Agricultural Marketing Policy Center gratefully acknowledges the use of the discussions on nationwide responses on the *The 2007 Farm Bill: U.S. producer preferences for agricultural, food, and public policy*, September 2006.

The Montana Department of Agriculture (Nancy K. Peterson, Director) provided generous financial support for this data collection effort.

# Table of Contents

<b>Introduction</b> .....	1
<b>Farm Programs and Budget Priorities</b> .....	6
<b>Commodity Programs and Risk Management Policy</b> .....	10
<b>Conservation and Environmental Policy</b> .....	14
<b>Trade Policy</b> .....	20
<b>Food System and Regulatory Policy</b> .....	22
<b>Related Policy Issues</b> .....	24
<b>Appendix A</b> .....	29

# Introduction

---

The *Farm Security and Rural Investment Act of 2002* provides the direction for federal agricultural, food, and public policy through September of 2007. The 2002 Act is the most recent in a series of comprehensive farm bills that have authorized federal farm programs. When the 2002 Act expires, new legislation will guide future programs. In the absence of new legislation, federal farm programs could revert to permanent legislation dating from 1949. The presence of permanent legislation helps provide the impetus needed to insure that agriculture, food, and rural policy issues will be addressed by Congress and by United States Department of Agriculture (USDA) programs.

This report provides objective information on producer preferences for policy alternatives relevant for the 2007 Farm Bill debates.

## Setting

The development of new farm legislation is a process that involves numerous issues. Understanding these issues and policy choices, in part, rests on an understanding of the setting in which the next farm bill will be debated. This setting can be described through broad categories: economics, budget, trade, and politics.

Heading into the 2007 Farm Bill, the economic setting is substantially different than it was in 2001 when the 2002 Farm Bill was being developed. In the four-year period of 1998 – 2001, U.S. net farm income had averaged less than \$30 billion, excluding government payments. During the four-year period, producers lobbied for, and Congress passed, significant *ad hoc* agricultural income assistance, emergency, and disaster supports. *Ad hoc* assistance to producers total nearly \$28 billion over that four year period. A significant part of the 2002 farm legislation debate was about how to increase the size of the safety net and formalize

additional support as a way to eliminate annual *ad hoc* assistance. The counter-cyclical payment program included in the 2002 Act was, in some measure, a response to this situation.

The economic setting heading into the 2007 Farm Bill is very different. U.S. farm income including government payments in 2004 set a record at more than \$82 billion, followed by \$72 billion in 2005. Although projected 2006 farm income of \$56 billion is down substantially, largely due to increased energy costs, it is still nearly \$9 billion higher than average farm income levels of the 1990s, in nominal dollars.

With the relative strength of the farm economy, the emergent farm bill debate may be less about the size of the safety net needed and more about its shape and focus.

A second major issue is the budget setting under which the 2007 Farm Bill will be developed. In 2001, Congress faced a projected government budget surplus of \$128 billion and developed a farm bill that allocated more than \$70 billion in new baseline spending for agricultural programs over the coming decade. In fiscal year 2006, the budget setting is very different. As deliberations begin for the 2007 Farm Bill begin, there is a projected deficit of \$260 billion for fiscal year 2006. Budget projections are fragile and subject to revision, but it is clear that concerns over federal deficits will weigh more heavily going forward.

The budget deficit led to the passage in Congress of the *Deficit Reduction Act of 2005* that included budget cuts for agriculture in the form of delays in commodity payments and cuts in projected conservation, rural development, and research funding. Such a budget climate could focus some of the farm bill debate on further budget cuts and trade-offs among programs or between existing and new programs. On the other hand, developing a

farm bill in the midst of a budget deficit is not new. Since the 1960s only the 1970 and 2002 Farm Bills were developed in periods of budget surpluses. But the projected budget deficit in fiscal year 2006, although a record in nominal terms, is only about 2 percent of gross domestic product. This budget deficit is less in real dollar terms than any time during most of the 1970s and 1980s.

How the current budget deficit will impact the development of 2007 Farm Bill remains to be seen. There may be no additional baseline funding for agriculture and perhaps additional budget reconciliation requirements to cut the baseline. Such a situation could focus the debate on the trade-offs between programs and the budget constraints for building new program areas.

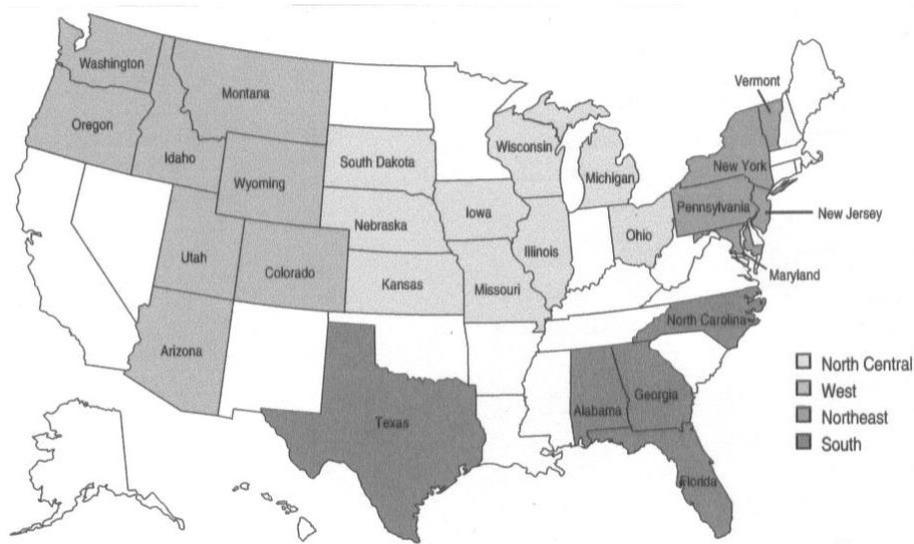
The trade setting is also critical to the development of the next farm bill. The current suspension of World Trade Organization (WTO) negotiations on the Doha Round trade agreement has led to some calls for a simple extension of the 2002 Act for one or more years. An extension of the 2002 Act, perhaps in conjunction with passage of an extension of Trade Promotion Authority, is part of a possible strategy to achieve completion of the Doha Round of trade negotiations before analyzing changes in U.S. farm programs.

If WTO negotiations resume and eventually result in a new trade agreement, the impact on U.S. farm programs could be substantial. Current farm program spending on support programs like the marketing assistance loan and the counter-cyclical payment programs and support programs for dairy and sugar might need reforms to come under newly negotiated limits for payments within the category of trade distorting supports.

If the WTO negotiations do not resume or lead to timely progress, there are still trade issues that could influence the next farm bill. The WTO ruled against the United States in a trade dispute brought forth by Brazil over U.S. cotton subsidies. Some programs have already been changed to comply with the cotton ruling, including export credit subsidies and industry payments for cotton. But, additional issues remain, including the design of safety net programs and the possible need to address a planting restriction that limits fruit and vegetable production on contract acres. A change in this restriction could bring a new set of issues and commodities into the farm program debate.

Beyond the economic, budget, and trade settings, politics will shape the next farm bill. Interest groups will be pushing for new or reallocated spending from current programs to fund expanded opportunities in many areas. In the commodity arena, specialty crop producers are asking for a bigger part of the safety net. In the conservation arena, several groups are calling for expanded funding and, in some cases, a reconsideration of how funds are allocated among programs and geographic regions. Just as significantly, interest groups are asking for additional support in other areas such as bioenergy and rural development. In the existing budget environment, where new program spending may come at the expense of existing programs, this political effort could put significant pressure on major agricultural spending categories, including the long standing commodity and conservation programs.

**Figure 1: State Participation in the National Agricultural, Food, and Public Policy Preferences Survey**



One other political factor is the continual turnover of members of Congress and members of the agriculture committees. In fact, 33 of the current 66 members of the House and Senate agricultural committees did not serve on their respective committee during consideration of the 2002 Farm Bill. Counting retirements, election turnover in the November 2006 election, and committee reorganization in the next Congress, less than half of the committee members convening in the 110th Congress in January 2007 will have agricultural committee experience working on new farm legislation. With such a turnover of legislative experience on the agricultural committees, agricultural groups and other groups with a stake in the farm bill will work with legislators to cultivate support for their desired programs.

### **Survey Methodology**

This report highlights the results of a survey of producer preferences regarding agricultural, food, and public policy issues to provide input into the farm bill deliberations.

The nationwide survey of agricultural producers was conducted in 27 states in four regions (Figure

1). The participating states represent a broad distribution of regional interests, agricultural production, and historic farm program participation. The number of farms in the 27 surveyed states totals 1,345,900.

The mail survey was designed as a stratified random sample of producers in each of the 27 states with the guidance of personnel from the National Agricultural Statistics Service (NASS). The stratified sample of farms was drawn from the NASS sample frame by level of farm sales. The three strata were “small” farms with less than \$100,000 in market value of agricultural products sold annually; “medium” farms with \$100,000 to less than \$250,000 in market value of agricultural products sold annually; and “large” farms with \$250,000 or more in market value of agricultural products sold annually.

The stratification of farms into the small, medium, and large categories was designed to allow for varying sampling rates designed to provide statistical precision in the sample across all sizes of farms. More than 80 percent of the total farms in the 27-state nationwide survey area are estimated to fall in the small farm strata, which is representative of

the United States as a whole. Only 9 percent of the farms fall within the medium farm stratum, similar to the 8 percent of all farms in this stratum in the United States as a whole. The large farm stratum includes only 8 percent of the farms in both the 27-state nationwide survey area and in the United States.

The survey questionnaire contained 29 policy questions and 13 demographic questions asked in all participating states. The questionnaire also allowed for participating states to include questions selected from an optional set of 11 questions. The Montana questionnaire is included in Appendix B.

The survey window began in October of 2005 and concluded in April of 2006. In Montana the survey period began October 2006 and ended March 2006. Returned surveys were forwarded to the national task force for data entry and analysis<sup>1</sup>.

Returned questionnaires were first sorted into “invalid” and “valid” categories. If the respondent reported that he/she was no longer farming, the survey was marked as *invalid*. The remaining *valid* surveys represented responses from active producers. The valid surveys were further sorted into the categories of “usable” and “unusable” based on whether the respondent answered the size question on value of annual farm and ranch sales of agricultural products. The *usable* survey results were post-stratified based on farm size, using the respondent’s categorization of annual farm and ranch sales. This categorization could differ from the NASS sample frame because of coding errors or changes in the scale of the farm or ranch operation. But, the post stratification ensures that the responses are representative of the three size strata used for the survey.

---

<sup>1</sup> The national task force, acting under auspices of the National Public Policy Education Committee, was as follows: Brad D. Lubben, Assistant Professor and Extension Specialist, University of Nebraska-Lincoln chair; Nelson L. Bills, Professor, Cornell University; James B. Johnson; Professor Emeritus, Montana State University; and James L. Novak, Extension Economist and Professor, Auburn University.

Farm numbers, survey sample sizes, survey responses, and response rates are reported in Table A for Montana, the Western Region, and Nationwide.

## **Analysis and Report**

The survey sample frame was stratified into the small, medium, and large farm categories. With fewer farms in the medium and large farm strata, it was necessary to use higher sampling rates in these strata to ensure sufficient response for statistical precision. To account for the different sampling rates, the survey results for each stratum were tabulated separately. The results across size strata were weighted by the proportion of the total farm numbers in each stratum in each state as reported for 2005 by NASS. The weighted results provide a composite result representative of all farms in each state. Similarly, composite results and results by size strata were tabulated at the regional and national levels.

All of the national questions and the optional questions that were asked in Montana are summarized in this report. The survey questions included several Likert-scale questions and several multiple choice questions among others. Responses to the Likert-scale questions are calculated as averages of the Likert score on a scale of 1 to 5 as defined for each question. The average score by size strata and the average composite score are reported for Montana. The average composite score is reported for the Western Region and Nationwide. The relative rankings of the composite scores are reported at the Montana, Western Region and at nationwide levels. Where relevant, statistical analysis is reported with statistically-significant differences noted. Responses to the multiple-choice questions are similarly reported by size strata for Montana while composite results are reported at the Western Region and at the nationwide levels.

For purposes of this report, it is important to note that the nationwide results correspond only to the 27 participating states (Figure 1). However, results for

**Table A: Number of Farms by Select Category, Sample Size, Useable Responses and Response Rates**

		Montana	West	Nationwide
Number of Farms*	Small	22,200	161,935	1,116,688
	Medium	3,700	14,734	117,637
	Large	2,100	15,828	111,574
	Total	28,000	192,500	1,345,900
Sample Size		2,250	16,911	63,935
Total Responses**		671	5,017	17,443
Usable Responses**	Small	306	2,506	8,977
	Medium	190	956	3,530
	Large	96	995	3,095
	Total	592	4,457	15,602
Response Rate (percent)	Total	30	30	27
	Usable	26	26	24

\* Farm numbers by strata from USDA-NASS, 2005. For purposes of the survey, small farms are defined as farms reporting less than \$100,000 in market value of agricultural products sold annually. Medium farms are those reporting from \$100,000 to less than \$250,000 in market value of agricultural products sold annually. Large farms are those reporting \$250,000 or more in market value of agricultural products sold annually.

\*\* Total responses are the total number of returned surveys, including invalid returns (no longer farming, etc.). Usable responses are the total number of returned surveys that included an answer to the question on value of sales such that they could be post-stratified for analysis.

these 27 states do provide significant insight on producer policy preferences for the United States as a whole. The 27 states comprise 64 percent of the total number of farms in the United States. Demographic information on the survey respondents in the participating states is similar to all producers in the participating states and also to all producers across the nation.

This report contains the following chapters: Farm Programs and Budget Priorities; Commodity Programs and Risk Management Policy, Conservation and Environmental Policy; Trade Policy; Food System and Regulatory Policy; and Related Policy Issues.

The Farm Programs and Budget Priorities chapter focuses on survey results from a question on fundamental farm bill policy goals and two questions on the prioritization of existing program funding and new or reallocated program funding.

The Commodity Programs and Risk Management Policy results focus on key issues for current commodity programs. Separate sections of the chapter focus on implementation issues including funding and payment limits, program buy-out options and dairy policy options.

The Conservation and Environmental Policy chapter focuses on general preferences for assistance targeted at various environmental goals and also addresses program implementation issues related to the state-by state distribution of funding, the Conservation Reserve Program, and the Conservation Security Program.

The Trade Policy chapter covers trade issues. Separate sections address the categories of trade negotiations, World Trade Organization participation, and trade sanctions. The Food System and Regulatory Policy chapter results summarize seven questions on food and food system policy. This chapter includes results from questions that focus on labeling and traceability issues, including country of- origin labeling, animal identification, and labeling of biotechnology-derived food products. The chapter also presents results from questions on testing policies for *bovine spongiform encephalopathy* (BSE).

A chapter on Related Policy Issues covers the optional questions that were asked in Montana and in other select states.

# Farm Programs and Budget Priorities

The 2007 Farm Bill may need to reduce or reallocate federal funding for current farm programs. The new legislation may also require support for new programs from new or reallocated federal funding. Given these possible trade-offs, agricultural producers were asked questions to determine their opinions on three related issues. What should be the fundamental goals for the farm bill? How important is it to maintain funding for existing programs? And, how important is it to provide new or reallocated funding for other selected program initiatives?

## Farm Bill Goals

In the first question, eight separate policy goals were proposed to producers to be ranked in terms of importance. Seven of the goals are longstanding, and have been mentioned in farm bill discussions for many years. These include farm income, risk, competitiveness, small and beginning farms, natural resources, rural economies, and food supply issues. The eighth goal considers agriculture's role in renewable energy. While not a goal of long historical reference, renewable energy has become a major issue that included a separate title in the 2002 Act. Results for the question are presented (Table 1).

**Table 1: Goals for the Farm Bill (Question 1)**

Farm Bill Goal	Average Score by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	Rank		
	Small	Medium	Large	Composite			Montana Composite	Western Region Composite	Nationwide Composite
Enhance Farm Income	4.15	4.29	3.99	4.16	3.98	4.08 <sup>d</sup>	4	6	5
Reduce Risk	3.89	4.01	3.93	3.91	3.68	3.85 <sup>g</sup>	7	8	8
Increase Competitiveness	4.16	4.23	4.05	4.16	4.16	4.19 <sup>c</sup>	3	4	4
Enhance Small/Beginning Farm Opportunities	4.41	4.18	3.74	4.33	4.27	4.32 <sup>a</sup>	1	2	2
Protect Natural Resources	3.67	3.51	3.41	3.63	3.81	3.98 <sup>f</sup>	8	7	7
Enhance Rural Economies	4.10	3.99	3.86	4.07	4.00	4.03 <sup>e</sup>	6	5	6
Assure Food Supply	4.30	4.11	3.94	4.25	4.30	4.29 <sup>b</sup>	2	1	3
Reduce Dependence on Non-Renewable Energy	4.14	4.01	4.17	4.13	4.16	4.32 <sup>a</sup>	5	3	1

\* Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

At the nationwide level, producers ranked renewable energy and enhanced small/beginning farm opportunities as the most important goals for farm legislation. The scores for both goals, rounded to 4.32 on a scale of 1 (least important) to 5 (most important) were significantly higher than all other goals. The renewable energy goal scored slightly higher and is listed first in the nationwide rankings.

Producing a safe, secure, abundant, and affordable food supply also ranked highly among producers with a nationwide composite score of 4.29. Nationwide, these three are the highest ranked goals.

At the other end of the scale, reducing price and income risk ranked lowest nationwide with a composite score of 3.85 among the eight choices. Overall the listed farm bill goals received relatively high composite scores nationwide, showing broad levels of support among producers.

Montana producers also gave each of the farm bill goals high scores. Large- and medium-sized Montana producers ranked reducing dependence on

non-renewable energy, enhancing farm income and increased competitiveness as the most important goals. Smaller producers favored enhancing small/beginning farm opportunities and assuring the nation's food supply.

## Program Funding

Producers were asked to prioritize which of several existing programs are most important to maintain in light of potential funding constraints or trade-offs. Producers preferences for 10 separate programs or program categories are reported (Table 2).

In the 2002 legislation, producers of program crops received a mix of programs geared to supporting prices and enhancing farm income, including the three-part commodity program safety net of direct payments, counter-cyclical payments, and marketing assistance loans. Outside of the farm program, additional crop and select livestock commodities were covered by insurance and disaster assistance programs. For the 2007 farm

**Table 2: Maintenance of Funding for Existing Programs (Question 2)**

Existing Program	Average Score by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	Rank		
	Small	Medium	Large	Composite			Montana Composite	Western Region Composite	Nationwide Composite
Direct Payments	3.51	3.87	3.53	3.56	3.12	3.44 <sup>e</sup>	3	9	6
Counter-Cyclical Payments	3.50	3.76	3.54	3.54	3.15	3.47 <sup>d</sup>	4	7	5
Commodity Loans and LDPs	3.45	3.81	3.65	3.52	3.17	3.54 <sup>c</sup>	5	6	4
Livestock Commodity Supports	3.07	3.09	2.84	3.06	2.92	3.23 <sup>g</sup>	9	10	10
Land Retirement Programs	3.11	2.66	2.65	3.01	3.14	3.35 <sup>f</sup>	10	8	9
Working Land Programs	3.42	3.43	3.43	3.42	3.47	3.56 <sup>bc</sup>	6	3	3
Preservation Programs	3.19	2.87	2.79	3.12	3.35	3.44 <sup>e</sup>	8	5	7
Insurance Programs	3.79	3.84	3.80	3.80	3.47	3.58 <sup>b</sup>	2	2	2
Agricultural Credit	3.42	3.43	3.13	3.40	3.43	3.44 <sup>e</sup>	7	4	8
Disaster Assistance	4.10	4.25	4.12	4.12	3.91	4.00 <sup>a</sup>	1	1	1

\* Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

legislation, producers placed the highest priority on maintaining funding for disaster assistance programs, with a score of 4.00 on a scale of 1 (least important) to 5 (most important). Crop and livestock insurance programs ranked second in importance, with a composite score of 3.58. Historically, these two programs have been authorized by legislation outside of the traditional farm bill. But the results are an indicator of the close linkage and interplay of disaster assistance and crop insurance programs with traditional safety net programs.

Producers also prioritized working lands conservation programs near the top of existing programs competing for continued funding. The nationwide composite score of 3.56 was not statistically different from the 3.58 composite score for insurance programs. Nationwide, the working lands programs, including the Environmental Quality Incentives Program (EQIP) and Conservation Security Program (CSP) ranked significantly higher than either the preservation programs such as the Farm and Ranch Lands Protection Program (FRPP) and the Grasslands Reserve Program (GRP) or land retirement programs such as the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP).

Large Montana producers preferred to maintain funding of existing programs with disaster assistance, insurance programs, commodity loans, and LDPs. Medium- and small-sized Montana producers also favored maintaining disaster assistance.

Although many existing programs are highly valued by producers, other new or existing programs might command significantly more funding in the coming farm bill. To assess possible tradeoffs, producers were asked to rank seven additional programs in terms of importance (Table 3).

Nationwide, producers ranked bioenergy production incentives as the highest priority with a composite score of 3.78 on a scale of 1 (least important) to 5 (most important). Second in the priority ranking is additional funding for food safety initiatives with a composite score of 3.71. Last in the priority ranking was funding for support payments for commodities outside of traditional farm program crops, including fruits, vegetables, other specialty crops, and livestock.

Montana producers ranked food safety programs, bioenergy production incentives and traceability and certification as the highest priorities. Smaller producers also considered tying support payments to farm income as a high priority.

This issue of expanding the commodity programs to non-traditional commodities may be a major part of upcoming farm bill discussions, particularly as it relates to possible changes in current program restrictions on fruit and vegetable production.

**Table 3: Provision of New or Reallocated Funding for Select Programs (Question 3)**

Program	Average Score by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	Rank		
	Small	Medium	Large	Composite			Montana Composite	Western Region Composite	Nationwide Composite
Supports Tied to Farm Income	3.47	3.59	2.97	3.45	3.24	3.45 <sup>c</sup>	4	6	3
Support for Non-Program Commodities	2.96	2.83	2.55	2.91	2.89	3.06 <sup>f</sup>	7	7	7
Incentives for Farm Savings Accounts	3.32	3.31	3.01	3.29	3.34	3.39 <sup>d</sup>	6	4	5
Bioenergy Production Incentives	3.75	3.63	3.58	3.72	3.69	3.78 <sup>a</sup>	1	1	1
Biosecurity Incentives	3.38	3.31	3.24	3.36	3.33	3.41 <sup>d</sup>	5	5	4
Food Safety Programs	3.70	3.55	3.60	3.67	3.67	3.71 <sup>b</sup>	2	2	2
Traceability and Certification	3.49	3.56	3.41	3.50	3.36	3.28 <sup>e</sup>	3	3	6

\* Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

# Commodity Programs and Risk Management Policy

Commodity programs and related risk management programs have been a fundamental part of federal farm policy over the years. The design of these programs and their impact on producers and production decisions is a critical part of the farm bill debate. Producers were asked to respond to questions relating to farm program directions and implementation issues.

## Program Implementation Issues

Producers were asked to compare two separate basic policy directions for the next farm bill. Should farm programs be phased out over the duration of the 2007 Farm Bill? Or, should farm programs be reduced, but not phased out, in the 2007 Farm Bill?

Producers were strongly opposed to either choice. And, they were even more opposed to a phase-out than a reduction (Table 4). Nationwide, producers scored a phase-out at 2.37 on a scale of 1 (strongly disagree) to 5 (strongly agree). By comparison, a phase-down scored higher statistically at 2.48.

Nationwide, there was more producer support for increased targeting of program payments to small farmers with a nationwide composite score of 3.78 on the scale of 1 to 5. While the concept of targeting may be agreeable to many, its implementation at a specific size level would likely be challenging.

**Table 4: Commodity Program Implementation (Questions 4-9)**

Implementation Issue	Average Score by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	Rank		
	Small	Medium	Large	Composite			Montana Composite	Western Region Composite	Nationwide Composite
Phase Out Commodity Payments	2.14	1.74	1.97	2.07	2.59	2.37 <sup>b</sup>	2	1	2
Reduce Commodity Payments	2.32	2.00	2.23	2.27	2.83	2.48 <sup>a</sup>	1	2	1
Target Payments to Small Farmers	3.89	3.71	3.02	3.80	3.79	3.78	N/A	N/A	N/A
Lower Program Payment Limits	2.99	2.86	2.78	2.96	3.07	3.06 <sup>c</sup>	3	3	3
Eliminate the Three-Entity Rule	3.74	3.61	3.18	3.68	3.63	3.69 <sup>a</sup>	1	1	1
Eliminate Unlimited Benefits from Certificate and Forfeiture Gains	3.35	3.28	3.10	3.32	3.38	3.42 <sup>b</sup>	2	2	2

\* Average scores are based on a scale of 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD within each group of questions. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

The second policy direction considered was the tightening of commodity program payment limit rules. The three alternatives considered were: lowering payment limits, eliminating the three entity rule, and eliminating unlimited commodity loan certificate and forfeiture gains. Among these three alternatives, producers most favored eliminating the three-entity rule. The composite score for this alternative was 3.69 on the scale of 1 to 5, significantly higher than either of the other two choices. The second choice was eliminating the unlimited commodity loan certificate and forfeiture gains with a composite score of 3.42, a score that still represented general agreement among producers. The alternative of lowering program payment limits scored 3.06, showing a near-neutral mix of producer sentiment.

Montana producer results were very similar to the nationwide results. Montana producers favored eliminating the three-entity rule, eliminating unlimited benefits from certificate and forfeiture gains and targeting farm program commodity payments to small farmers.

## **Program Buy-Out**

In a departure from existing program issues, producers were asked about preferences regarding a commodity program buy-out. Given the recent history of buy-out programs for tobacco, peanuts, and the dairy program in the mid-1980s, the concept is not new. However, producers may not be familiar with the possible operation of a buy-out. No specific details or dollar amounts were attached to the possible alternatives. The results of the multi-part buyout question are shown (Table 5).

Nationwide, 23 percent of producers answered “yes” to the question of whether or not producers should be offered a buy-out of existing commodity programs. A total of 42 percent answered “no” and 35 percent answered “no opinion/don’t know”. The results suggest that while support for such a

proposal is modest, a large percentage of producers are unsure of what a buy-out could mean. About two-thirds of producers with an opinion did not favor the offering of a commodity program buy-out.

The survey also asked for producer opinions on the terms of a buy-out if one were offered. Producers were questioned on their preference for a lump-sum payment or an installment payment of the present value of either 15 years worth of commodity program payments or 25 years worth of commodity program payments. While the results were still dominated by the response of “don’t know”, it is apparent that nationwide producers had clear preferences on any buy-out terms. Thirty percent of producers preferred a 25-year buy-out with a lump sum payment while 27 percent of producers preferred a 25-year buy-out with installment payments. By comparison, 25 percent of producers preferred a 15-year buy-out with a lump sum payment and 24 percent of producers preferred a 15-year buy-out with installment payments.

Less than one-third of Montana producers favored any of the commodity program buy-out options. Larger producers seemed to be somewhat more interested in buy-out options than smaller producers.

The results shed some light on the challenges of a potential buy-out program. Even before the difficulty of funding a buy-out is addressed, the buy-out concept would face difficulty of acceptance with producers. The results showed producers favoring 25-years worth of payments in contrast to 15-years worth of payments. The results also showed a preference for a one-time lump sum payment instead of a series of installment payments (Table 5). It is possible that some of the uncertainty or disagreement that producers have regarding a buy-out would be eliminated by a detailed proposal for a buy-out program. However, the results suggest producers are not eager to accept a buy-out payment in lieu of continued commodity programs.

**Table 5: Commodity Program Buy-Out (Question 10)**

Commodity Program Buy-Out Issue Response		Response by Farm Size* (Montana)				Western Region Composite	Nationwide Composite
		Small	Medium	Large	Composite		
		<i>(percent of responses)</i>					
Offer Producers a Buy-Out?	Yes	19	19	29	20	23	23
	No	45	59	55	48	41	42
	Don't Know	35	22	16	32	35	35
	TOTAL	100	100	100	100	100	100
15-Year Buy-Out with Lump Sum	Yes	14	15	22	15	20	25
	No	40	57	53	43	34	34
	Don't Know	46	28	24	42	45	41
	TOTAL	100	100	100	100	100	100
15-Year Buy-Out with Installment Payments	Yes	19	12	22	18	20	24
	No	36	57	49	40	33	33
	Don't Know	44	31	29	41	47	42
	TOTAL	100	100	100	100	100	100
25-Year Buy-Out with Lump Sum	Yes	21	28	32	23	26	30
	No	36	44	38	37	30	30
	Don't Know	42	28	30	39	43	39
	TOTAL	100	100	100	100	100	100
25-Year Buy-Out with Installment Payments	Yes	24	22	32	24	24	27
	No	33	47	38	35	30	30
	Don't Know	43	32	30	41	46	42
	TOTAL	100	100	100	100	100	100

\* Responses shown are the percent of respondents answering “Yes”, “No”, or “No Opinion/Don't Know” for each separate part of the question. Totals may not add to 100 percent due to rounding.

## Dairy Programs

The federal dairy program includes a combination of income support tools and marketing orders. The marketing order structure influences pricing patterns and milk flows across regions of the country. The price support mechanism is designed to support producer prices received for milk by supporting the minimum milk price through government purchases of cheese, butter, and non-fat dry milk. The Milk Income Loss Contract (MILC), as defined in the 2002 Act, and as extended in

recent legislation pays producers on a portion of their milk production when the price of fluid milk drops below a specified target price set in policy. Looking at the future options for milk programs, producers were asked their preferences for either extending or eliminating combinations of the two price safety net programs. The results are shown (Table 6).

The largest percentage of producers nationwide (43 percent) and in Montana (38 percent) favored retaining both the price support program and the MILC program.

**Table 6: Dairy Programs (Question 11)**

Policy Alternative	<u>Response by Farm Size* (Montana)</u>				Western Region Composite	Nationwide Composite
	Small	Medium	Large	Composite		
	<i>(percent of responses)</i>					
Eliminate all dairy support programs	25	24	36	26	34	28
Eliminate the MILC program and retain the price support program	17	13	14	16	16	16
Eliminate the price support program and make payments through MILC	22	18	13	21	14	13
Re-authorize both the price support program and the MILC program	37	45	36	38	36	43
	100	100	100	100	100	100

\* Responses shown are the percent of respondents choosing each of the four policy alternatives. Totals may not add to 100 percent due to rounding.

# Conservation and Environmental Policy

Conservation of the nation's land and water resources has been a well-recognized national priority. Effective federal program design must target conservation priorities, streamline program delivery, manage partnerships with state and local governments, recognize changes in farm and land ownership, and encourage farmers and rural landowners to be conservation minded, all within budget constraints. Because of the significant issues involved in these programs, producers were asked to respond to questions on several conservation programs and issues.

The survey asked producers to evaluate the use of technical assistance and direct financial assistance from the USDA as incentives to address various environmental goals. Results are presented (Table 7).

Voluntary federal programs to provide conservation assistance and incentives to producers date to the 1930s. Many of the early conservation efforts were directed at reducing soil erosion. Beginning in the 1970s and continuing through the 1980s, greater attention has been given to water quality issues. Survey results suggest producers are uniformly in

## Environmental Goals and Incentives

**Table 7: Environmental Goals and Conservation Programs (Question 12)**

Environmental Goal	Response by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	
	Small	Medium	Large	Composite			
	<i>(percent of responses)</i>						
Higher Water Quality	No Assist.	10	10	7	10	9	7
	Tech Asst.	17	19	22	18	19	19
	Tech./Fin. Asst.	68	65	66	67	65	65
	Don't Know	5	5	4	5	8	9
	Total	100	100	100	100	100	100
Less Soil Erosion	No Assist.	10	13	9	10	9	7
	Tech Asst.	26	21	27	25	26	23
	Tech./Fin. Asst.	58	63	61	59	58	65
	Don't Know	6	3	4	5	8	7
	Total	100	100	100	100	100	100
Better Air Quality	No Assist.	13	19	17	14	12	11
	Tech Asst.	30	28	31	30	31	30
	Tech./Fin. Asst.	47	45	44	47	45	46
	Don't Know	11	8	8	10	12	13
	Total	100	100	100	100	100	100

Environmental Goal	Response by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	
	Small	Medium	Large	Composite			
<i>(percent of responses)</i>							
Wildlife Habitat	No Assist.	25	30	26	26	17	17
	Tech Asst.	27	20	22	26	26	28
	Tech./Fin. Asst.	41	41	41	41	47	44
	Don't Know	7	9	11	8	9	10
	Total	100	100	100	100	100	100
Open Space Protection	No Assist.	30	37	29	31	23	19
	Tech Asst.	22	18	18	21	23	25
	Tech./Fin. Asst.	33	31	33	33	40	35
	Don't Know	15	14	20	15	14	21
	Total	100	100	100	100	100	100
Animal Waste Management	No Assist.	17	17	14	17	16	13
	Tech Asst.	35	33	28	34	33	31
	Tech./Fin. Asst.	34	40	49	36	39	43
	Don't Know	14	10	9	13	13	12
	Total	100	100	100	100	100	100
Carbon Sequestration	No Assist.	15	24	18	16	15	13
	Tech Asst.	23	22	20	23	23	24
	Tech./Fin. Asst.	25	31	37	27	28	26
	Don't Know	37	23	25	34	35	39
	Total	100	100	100	100	100	100
Biodiversity Maintenance	No Assist.	17	24	14	18	15	13
	Tech Asst.	22	25	25	23	25	24
	Tech./Fin. Asst.	30	29	42	31	32	30
	Don't Know	31	22	19	29	28	33
	Total	100	100	100	100	100	100

\* Responses shown are the percent of respondents answering “No Federal Assistance”, “Technical Assistance Only”, “Technical and Financial Assistance”, or “No Opinion/Don't Know”. Totals may not add due to rounding.

favor of continuing this federal assistance with a sharp focus on water quality. Nationwide, 65 percent of producers preferred federal technical and financial assistance and an additional 19 percent of producers preferred technical assistance only. Altogether, a total of 84 percent of producers

avored some form of federal assistance to address water quality issues.

Soil erosion is the nation's most persistent conservation problem, leading to reduced long-term soil productivity and water quality impairments off-site. Thus, considerable attention in the early

conservation programs was focused on soil erosion. That emphasis has continued, although the scope of a conservation concern has expanded. Survey results again suggest nationwide that producers are heavily in favor of federal assistance with 88 percent of producers favoring some form of assistance to address soil erosion, whether through technical assistance (23 percent) or through technical and financial assistance (65 percent).

Together, water quality and soil erosion dominated the eight listed conservation goals. More than 80 percent of producers nationwide favored some form of federal assistance for water quality and soil erosion control. These two goals draw on a history of programs and support and continue to be the primary focus for producers.

A large percentage of producers (76 percent) favored federal assistance for air quality management even though federal assistance to address air quality issues in agriculture has received limited emphasis to date. Survey results suggest that potential air quality assistance however, is an emergent issue.

Several federal conservation programs or parts of programs encourage wildlife habitat protection and enhancement (WHIP, CRP, WRP, CSP, and EQIP). Producers strongly supported assistance for wildlife habitat, with 28 percent nationwide favoring technical assistance and 44 percent favoring technical and financial assistance.

Open space protection is an increasingly familiar part of the national discussion of environmental issues and conservation priorities, particularly through a number of state and local farmland preservation efforts. Beginning with the 1996 farm legislation, Congress provided for limited federally-funded assistance programs. Survey results show that nationwide producers favored incentives for open space protection, either through technical assistance (25 percent) or through technical and financial assistance (35 percent).

Animal waste issues have been addressed through federal legislation, especially statutes addressing

water quality since the early 1970s. A combination of regulatory guidelines and voluntary incentive and assistance programs, largely under authority delegated to the U.S. Environmental Protection Agency, have been used to address both point-source and non-point-source concerns. While the mix of regulations and incentives continues to evolve, nationwide producers supported using federal agricultural legislation as a vehicle for providing federal assistance to address waste management (74 percent), either in the form of technical assistance (31 percent) or technical and financial assistance (43 percent).

Montana producers were most interested in continued technical and financial assistance for water quality protection and soil erosion control. Montana producers were least interested in assistance for wildlife habitat and open space protection.

Carbon sequestration is another emergent environmental goal that has received increasing attention in recent years. Nationwide, nearly 40 percent of producers responding to the survey answered “don’t know” to the question of offering technical or financial assistance for carbon sequestration. Such results suggest that education to inform policy decisions is a challenge in this area. Similarly, there are still a number of issues to address and questions to research in developing future policies or programs focused on carbon sequestration.

Biodiversity concerns are also a still-emerging component of the environmental debate for U.S. agriculture. Nationwide, a third of all producers answered “don’t know” in regard to the provision of federal technical or financial assistance for biodiversity, a similar pattern to that for carbon sequestration.

When reviewing all eight listed conservation goals, survey responses indicate that they are all well supported, with 50 percent or more of producers favoring either technical assistance or technical and financial assistance. But, nationwide water quality and soil erosion top the list of goals in terms of

producer support, followed by the goals of air quality, animal waste management, and wildlife habitat. The remaining goals, open space Montana due in part to greater producer uncertainty about such programs.

### Program Implementation Issues

While there are a number of different environmental and conservation goals targeted by conservation programs, there are also a number of different programs, each with a unique design and purpose. Three questions on the survey addressed the general structure of funding federal conservation programs.

Producers were asked their opinion on whether the federal government should distribute conservation funds through block grants to states, thereby giving states more authority to implement conservation programs. Responses to this question are presented (Table 8).

Nationwide, a majority of producers agreed with the concept of federal funding transferred as block grants to states for implementing conservation programs. A total of 53 percent of producers agreed or strongly agreed with the idea; only 19 percent disagreed or strongly disagreed (17 percent neutral and 11 percent no opinion/don't know). A majority of Montana producers agreed or strongly agreed with this concept to transfer block grants to states

preservation, carbon sequestration, and biodiversity maintenance show less support nationwide and in

and give them more authority to implement conservation programs.

Another question focused on the future of the Conservation Reserve Program. The CRP currently has more than 36 million acres enrolled through various enrollment periods and options.

A continuing issue for the future of the CRP is the fate of enrolled acreage when contracts expire. This issue is particularly critical now because a majority of the currently-enrolled acres are set to expire within the next three years. In the spring of 2006, after the survey period was complete, the Secretary of Agriculture announced re-enrollment options for certain categories of lands currently enrolled in the program and short-term extensions of other categories of enrolled land. The re-enrollment and extension offer stretch out expirations, but at least 80 percent of the expiring contracts will still do so in the next few years. Producer preferences regarding the future of the CRP are summarized in Table 9.

The largest group (34 percent) of producers nationwide favored maintaining traditional CRP implementation rules which allowed contracts to expire and be competitively re-bid for enrollment. Not far behind was the group favoring automatic re-enrollment of existing contracts on land offering the

**Table 8: Conservation Program State Block Grants (Question 13)**

Agreement on Transferring Block Grants to States for Conservation	Response by Farm Size* (Montana)				Western Composite Region	Nationwide Composite
	Small	Medium	Large	Composite		
	<i>(percent of responses)</i>					
Strongly Disagree or Disagree	18	20	15	18	20	19
Neutral	13	17	18	14	13	17
Agree or Strongly Agree	59	55	63	59	57	53
No Opinion/Don't Know	10	8	4	9	10	11
	100	100	100	100	100	100

\* Responses shown are the percent of respondents choosing each of the four policy alternatives. Totals may not add due to rounding.

**Table 9: Conservation Reserve Program (Question 14)**

Future Policy Alternative	Response by Farm Size* (Montana)				Western Region Composite	Nationwide Composite
	Small	Medium	Large	Composite		
	<i>(percent of responses)</i>					
Allow Contracts to Expire and Compete for Re-Enrollment	23	25	28	24	30	34
Allow Highest-Ranking Contracts to Re-Enroll Automatically at Existing Rental Rates	29	24	19	28	27	29
Reduce CRP Acreage and Restrict Future Enrollments to Environmentally-Sensitive Lands	24	22	27	24	19	18
Eliminate the CRP as Current Contracts Expire	24	30	26	25	24	18
	100	100	100	100	100	100

\* Responses shown are the percent of respondents choosing each of the four policy alternatives. Totals may not add due to rounding.

**Table 10: Conservation Security Program (Questions 15)**

Future Policy Alternative	Response by Farm Size* (Montana)				Western Region Composite	Nationwide Composite
	Small	Medium	Large	Composite		
	<i>(percent of responses)</i>					
Continue the current policy of implementing the CSP on a watershed-by-watershed basis as funding allows.	52	51	46	51	51	55
Increase funding to allow immediate nationwide implementation of CSP	20	22	30	21	23	22
Eliminate the CSP as existing contracts in pilot watersheds expire	28	27	24	28	26	22
	100	100	100	100	100	100

\* Responses shown are the percent of respondents choosing each of the four policy alternatives. Totals may not add due to rounding.

highest environmental benefits (29 percent), an alternative similar to one option provided by the Secretary of Agriculture this spring. Together, these groups represented 63 percent of producers looking for a continuation of the CRP at its current scale through either re-bidding or automatic re-enrollment options. Only 36 percent of producers nationwide were looking to downsize the CRP by reducing and targeting future enrollments (18 percent) or by eliminating the program as current contracts expire (18 percent).

Montana producers were somewhat less likely to support a continuation of the CRP than producers nationwide (52 percent versus 63 percent). About 25 percent of Montana producers supported each of the future conservation reserve program alternatives proposed.

Producers were also asked about future options for the Conservation Security Program. The CSP was first authorized in the *Farm Security and Rural Investment Act of 2002* and was initially

implemented in fiscal year 2004. Currently, the CSP is being implemented on a watershed-by-watershed basis for select watersheds across the country. Through the first three years of implementation, the program has reached roughly 10 percent of the potential watersheds nationwide. Producers were asked their opinion on whether to continue implementing the CSP on a watershed-by-watershed basis, to increase funding to implement the program nationally immediately, or to cut the program and eliminate existing contracts as they expire. Producer responses to these alternatives are summarized (Table 10).

Nationwide, producers overwhelmingly favored continued implementation of the CSP. More than one-half the producers (55 percent) favored continuing the current implementation approach based on a watershed-by-watershed approach while just 22 percent favored increased funding for immediate nationwide implementation. There may be a concern over the budget cost of full, nationwide implementation and the resulting competition or trade-off of dollars for other existing programs. This concern may also give some hint to why 22 percent of the producers expressed a desire to terminate the program.

A majority of Montana producers (51 percent) favored continuing the current policy of implementing the conservation security program on a watershed-by-watershed basis as funding allows, while 28 percent suggested eliminating CSP as existing contracts in pilot watersheds expire.

# Trade Policy

Most U.S. agricultural commodities are substantially affected by international trade including both competition from imports and demand for exports. The United States participates in bilateral and regional trade agreements and in the multinational World Trade Organization (WTO). Because of the impact of international trade, producers were asked their opinion on a number of trade issues, the results of which are summarized (Table 11).

## Trade Negotiations

Trade negotiations are a fundamental part of trade policy, whether they are part of bilateral, regional, or multilateral talks. Producers continued to favor the pursuit of free-trade agreements with a nationwide composite score of 3.42 on a scale of 1 (strongly disagree) to 5 (strongly agree). However free trade agreements are not favored by producers

in the Western Region. There, the average score was a near neutral 2.94, indicating a producer base that is split on the idea of free trade.

While the results demonstrate nationwide producer support for the pursuit of free trade agreements, there are some limits or qualifications on this support. Producers favored placing more emphasis on domestic policies than on trade policies. This issue is often characterized by concern about potential conflict between domestic policies and trade policies and the role of domestic goals in trade policy. Producers in the Western Region also placed more emphasis on domestic policies than on trade policies.

**Table 11: Trade Policy Issues (Questions 16-22)**

Program	Average Score by Farm Size* (Montana)				Western Region Composite**	Nationwide Composite**
	Small	Medium	Large	Composite**		
Pursue Free-Trade Agreements	2.44	2.35	2.40	2.42	2.94	3.42
Include Labor, Environment, and Food Safety in Trade Negotiations	4.03	4.13	4.11	4.05	4.10	4.08
Eliminate Export Credits and Industry Payments to Comply with WTO	3.16	2.97	3.10	3.13	3.26	3.19
Emphasize Domestic and Social Policy Goals Rather than Trade	3.67	3.57	3.41	3.64	3.39	3.28
Withdraw from WTO	3.25	3.46	3.22	3.27	3.06	2.82
Greater Market Access Problems if U.S. Withdraws from WTO	2.97	2.98	2.91	2.97	3.23	3.43
Eliminate Unilateral Sanctions on Food Trade	3.15	3.26	2.94	3.15	3.12	3.22

\* Average scores are based on a scale of 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree among respondents expressing an opinion.

\*\* Composite scores were not ranked, as these program possibilities are not necessarily considered substitutes.

Additionally, while producers favored pursuing free trade agreements, they also strongly favored doing so in a comprehensive set of negotiations that include labor laws, environmental impacts, and food safety standards. Preference for inclusion of such provisions was highly favored by producers in the Western Region also.

Montana producers most strongly agree with the inclusion of labor, environment and food safety in trade negotiations; emphasizing domestic and social policy goals, rather than trade goals; and withdrawing from the World Trade Organization (WTO).

## **World Trade Organization Issues**

The advent of the WTO in the last round of global trade negotiations brought up its own set of issues, including on-going multilateral trade negotiations and trade dispute settlement. U.S. producers demonstrated support of the free-trade agenda and the role of the WTO in their general disagreement on the idea of withdrawing from the WTO with a nationwide composite score of 2.82 suggesting many producers disagree or strongly disagree with withdrawal. As with free-trade pursuit, producers in the Western Region were an exception to this result, expressing a slight margin of preference for WTO withdrawal.

Producers clearly expected greater market access problems if the United States were to withdraw from the WTO (a nationwide composite score of 3.43). Producers in Western Region were in agreement with producers in the rest of the country on this question, although with a slightly lower average score of 3.23.

Producers expressed additional support for WTO principles in their agreement on the need to comply with WTO rulings and eliminate export credits and

industry payments that have been found to be in violation of WTO rules with a nationwide composite score of 3.19.

It is noted that the violating portions of the export credit program and industry payments have already been eliminated as part of the response of the United States to comply with the WTO ruling in the Brazil vs. United States cotton case. It is also noted that the issue of trade compliance is not limited to these specific programs nor is it limited to cotton.

## **Trade Sanctions**

Apart from the WTO framework, producers also favor expanded trade opportunities in terms of eliminating unilateral sanctions on food trade with a nationwide average score of 3.22. Unilateral trade sanctions such as those between the United States and Cuba prevent or curtail trade between the two countries, including food products.

## **Summary**

Survey results indicate that nationwide producers generally supported trade agreements and trade opportunities. Producers favored pursuing free trade agreements, favored maintaining membership in the WTO, and even favored complying with WTO rulings. However, producers also showed preferences that may temper their support of trade and the WTO, including a greater focus on domestic policy instead of trade policy and a comprehensive trade negotiating process that includes labor, environmental, and food safety standards. These preferences, at a minimum, add complexity to the negotiations process for any trade agreement.

# Food System and Regulatory Policy

Many policies developed in the Farm Bill or in closely related legislation affect the nation's food system and regulatory framework. Because of the impact of these food system policies on U.S. agriculture, producers' opinions were sought on several key issues. Producer responses are summarized (Table 12).

## Labeling and Traceability

A critical policy issue within the food system is the role of labeling and traceability regulations. In the *Food Security and Rural Investment Act of 2002*, legislation on country-of-origin labeling (COOL)

called for voluntary guidelines for the labeling of certain covered commodities with mandatory rules slated for implementation in 2004. Legislation since that time has twice delayed the mandatory rules for most covered commodities until 2008, leaving the issue to be a likely point of debate during the development of the next farm bill.

Producers were asked two related questions on the implementation of mandatory COOL rules and the development of voluntary COOL guidelines.

**Table 12: Food System and Regulatory Policy Issues (Questions 23-29)**

Program	Average Score by Farm Size* (Montana)				Western Region Composite	Nationwide Composite	Rank		
	Small	Medium	Large	Composite			Montana Composite	Western Region Composite	Nationwide Composite
Implement Mandatory Country-of-Origin Labeling (COOL)	4.55	4.56	4.68	4.56	4.43	4.31 a	1	1	1
Develop Voluntary Country-of-Origin Labeling Guidelines	3.15	2.99	2.82	3.10	3.21	3.31 b	7	7	6
Improve Food Product Traceability	3.91	3.95	3.66	3.89	3.95	3.91 a	2	2	2
Adopt Mandatory Animal Identification	3.53	3.55	3.11	3.50	3.63	3.54 b	4	3	3
Adopt Government-Mandated BSE Testing	3.23	2.97	2.41	3.14	3.30	3.22 b	6	6	7
Establish Guidelines for Voluntary Industry BSE Testing	3.47	3.32	3.57	3.46	3.37	3.38 a	5	5	5
Label Biotech Food Products	3.84	3.54	3.10	3.75	3.58	3.51	3	4	4

\* Average scores are based on a scale of 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD within each group of questions. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

Nationwide, producers strongly preferred mandatory COOL over voluntary COOL, as illustrated by the nationwide composite score of 4.31 on a scale of 1 (strongly disagree) to 5 (strongly agree). The nationwide composite score of 3.31 for voluntary COOL guidelines indicated that a majority of producers agreed or strongly agreed with the development of voluntary COOL guidelines, but the score for voluntary COOL was substantially less than the score for mandatory COOL.

On the whole, producers were also supportive of labeling food products made with biotechnology regardless of whether there is a scientific difference in the product. The nationwide composite score is 3.51.

While the COOL issue and the biotech labeling issue are specific examples of food product tracking and labeling, there was also general support for government efforts to improve traceability across the food system. The nationwide composite score is 3.91. Producers are in agreement with the general concept of improving traceability of food products from the consumer back to the producer.

When the traceability issue is defined as mandatory animal identification support among producers drops somewhat. The survey results showed there is support for the government adopting mandatory animal identification rules, but the nationwide average score of 3.54 was substantially less than that for the general concept of improved traceability.

Montana producers generally supported all of the food system and regulatory policy issues. Their strongest support was for Farm Bill proposals to implement mandatory Country-of-Origin Labeling (COOL) and improve food product traceability.

## **BSE Testing**

Producers were asked two questions on *bovine spongiform encephalopathy* (BSE) testing - an option to adopt mandatory BSE testing of all cattle over 30 months of age and an option to establish guidelines for voluntary BSE testing of cattle by private industry. Nationwide, producers were more amenable to the establishment of voluntary guidelines for BSE testing of cattle by private industry than they were to government-mandated testing of all cattle over 30 months of age. The nationwide composite score of 3.38 on the scale of 1 to 5 for voluntary BSE testing was significantly higher than the score of 3.22 for mandatory BSE testing. Montana producers were somewhat more amenable to voluntary, rather than mandatory, BSE testing.

## **Summary**

The survey results show that nationwide there was support for COOL and a preference for mandatory COOL over voluntary COOL. There was also support for labeling biotech food products. Mandatory animal identification was also supported, although at a lesser level than for the general concept of improved food product traceability.

BSE testing proposals were also supported by producers, although the nationwide preference of producers was clearly for voluntary testing guidelines over mandatory testing rules. Altogether, these responses reflect the general strength of producer attitudes for developing and maintaining a safe and secure food system.

# Related Policy Issues

Beyond the basic elements of commodity programs, conservation programs, and other farm, food, and trade policies, there are a number of policy issues that affect agriculture and rural America.

Historically, some of these have been included in the farm bill debates. Others may be addressed outside of the farm bill, but still have a substantial impact on agriculture and rural America. Several of these issues were addressed through an optional set of survey questions that were asked in select, but not all of the participating survey states. The optional questions asked in Montana are summarized in this section. Readers may refer to the Montana questionnaire in Appendix A for the specific nature of each question. Montana responses are compared with those of other states which asked similar questions. Note that the states asking these questions change from question to question.

## Commodity Programs and Risk Management

Questions relevant to commodity programs and risk management were developed and asked in several select states. The first addressed issues related to potential new programs for fruits, vegetables, and other specialty crops. Historically, these crops have received some federal assistance through programs targeted at nutrition, research, and market development and organization, but have not been part of the traditional set of program crops.

Since passage of the 2002 act, the specialty crop sector has benefited from a separate legislative effort to expand federal funding for programs targeted at the sector through the *Specialty Crop Competitiveness Act of 2004*. Existing program rules limiting the planting of fruits and vegetables on contract acreage were called into question in the WTO ruling against U.S. cotton supports. The

**Table 13: Fruits and Vegetable Commodity Programs (Question 31)**

Fruit and Vegetable Commodity Program Alternative	Average Score by Farm Size (Montana)				Selected States Composite	Rank	
	Small	Medium	Large	Composite		Montana Composite	Selected States Composite
Direct payments	2.71	2.79	2.40	2.70	2.84 <sup>e</sup>	6	6
Counter-Cyclical Payments Tied to Price	3.05	2.99	2.82	3.02	3.00 <sup>d</sup>	5	5
Payments Tied to Price and Production (Commodity Loans and LDPs)	3.19	2.93	2.95	3.13	3.10 <sup>c</sup>	4	4
Subsidized Crop Insurance	3.38	3.66	3.48	3.42	3.31 <sup>b</sup>	2	2
Disaster Assistance Program	3.99	3.79	3.82	3.95	3.76 <sup>a</sup>	1	1
Block Grants for State Programs	3.21	2.80	2.84	3.13	3.14 <sup>c</sup>	3	3

\* Selected states include Florida, Idaho, Illinois, Michigan, **Montana**, New York and Oregon. Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (p<0.05).

possibility of eliminating this planting restriction in partial compliance with trade rules and the increased legislative efforts on behalf of the specialty crop sector have contributed to the need to explore potential policy alternatives for these crops. Producers in seven states throughout the country were asked what kind of programs would be preferred if fruits, vegetables, and other specialty crops were included in government programs.

Producers in these states collectively ranked disaster assistance and federally-subsidized crop insurance as most important, with composite scores of 3.76 and 3.31 (Table 13), respectively on a scale of 1 (least important) to 5 (most important). Block grants for state programs were ranked third among the listed program alternatives. Commodity loan programs (3.10), counter-cyclical payments (3.00), and direct payments (2.84) ranked fourth, fifth, and sixth respectively with average scores that reflected a near-neutral mix of producer preferences. The relative ranking of existing commodity program safety net tools at the bottom of the list suggests that if producers want program support for fruits, vegetables, and other specialty crops, they may

want it in a different form than the traditional commodity program safety net. However, this ranking could also be an indicator that producers of current commodity program crops are concerned about the potential for new crops to be added to the commodity program safety net without any additional funding and reduced levels of support currently received.

If fruits, vegetables and other specialty crops were included in the government commodity programs, Montana producers would support subsidizing crop insurance programs and providing disaster assistance programs.

A second question on commodity programs and risk management directly addresses the possible mix of insurance and risk management incentives. Producers were asked to rank several options if funding for risk management programs were increased. A ranking of producer preferences among existing insurance tools and other potential risk management programs are presented (Table 14).

**Table 14: Risk Management Programs (Question 30)**

Risk Management Program Alternative	Average Score by Farm Size* (Montana)				Selected State Composite	Rank	
	Small	Medium	Large	Composite		Montana Composite	Selected States Composite
Increased Coverage Levels and Subsidies for Crop Production and Revenue Insurance	3.39	3.90	3.51	3.47	3.35 <sup>c</sup>	2	3
Increased Coverage Levels and Subsidies for Livestock Revenue Insurance	3.18	3.42	3.26	3.22	3.15 <sup>e</sup>	5	5
Increased Coverage Levels and Subsidies for Whole-Farm Income Insurance	3.38	3.52	3.06	3.37	3.24 <sup>d</sup>	3	4
Tax-Deferred Savings Accounts	3.95	4.02	3.72	3.94	4.02 <sup>a</sup>	1	1
Incentive Payments for Use of Risk Management Tools	3.36	3.37	3.34	3.36	3.44 <sup>b</sup>	4	2

\* Selected states include Alabama, Illinois, Iowa, Kansas, Maryland, Missouri, **Montana**, Nebraska, New York, North Carolina, Texas, Washington, and Wisconsin. Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (P<0.05). Detailed results are listed in Table A-14 in Appendix A.

When asked to prioritize crop insurance, livestock insurance, revenue insurance, savings accounts, and risk management incentive payments, producers in the 13 polled states ranked tax-deferred savings accounts highest with a composite score of 4.02 on a scale of 1 (least important) to 5 (most important).

Among the remaining choices, incentive payments for the use of risk management tools ranked second. These incentive payments, which might encourage the use of risk management tools, including hedging, insurance, savings, and education, had a composite score of 3.44 on the scale of 1 to 5. In rank order from top to bottom, the remaining alternatives were crop production and revenue insurance, whole-farm income insurance, and finally livestock revenue insurance.

If funding for risk management programs is increased, Montana producers would favor introducing tax-deferred savings accounts, which provide for withdrawals in low-income years or at retirement; and increasing coverage levels and premium subsidies for crop production and revenue insurance products.

## Research and Extension

Producers in six states were asked their opinion of funding alternatives for research and Extension activities.

**Table 15: Research and Extension Funding (Question 32)**

Research and Extension Funding Alternative	Response by Farm Size (Montana)				Selected State Composites
	Small	Medium	Large	Composite	
	<i>(percent of responses)</i>				
Maintain Current Mix of Formula and Competitive Funding	49	53	44	50	56
Increase Formula Funding	32	35	41	33	21
Shift to Competitive Funding	11	9	9	10	15
Eliminate Funding	7	3	6	7	9
<b>TOTAL</b>	100	100	100	100	100

\* Selected states include Iowa, Kansas, **Montana**, Nebraska, Wisconsin, and Wyoming. Responses shown are the percent of respondents choosing each of the four policy alternatives. Totals may not add due to rounding.

Existing funding mechanisms include a mixture of traditional formula funds allocated to land grant universities and funds allocated through competitive grant programs. Various alternatives sometimes mentioned in policy discussions include increasing formula funding, shifting all funding to competitive grants, or eliminating federal funding altogether. The composite preference of producers in these six states indicate that 56 percent of producers supported the current blend of formula and competitive funding (Table 15). While 21 percent of the producers support increasing formula funding, only 15 percent of the producers supported a shift to competitive funding. Only 9 percent of the producers supported a complete elimination of funding.

Montana producers favor maintaining the current mix of formula and competitive funding and increasing formula funding for research and extension activities in the land grant university system. Larger producers are somewhat more interested in increased formula funding than smaller producers.

**Table 16: Public Lands Management (Question 33)**

Public Lands Management Alternative	Average Score by Farm Size (Montana)				Selected States Composite	Rank	
	Small	Medium	Large	Composite		Montana Composite	Selected States Composite
Land Use Fees Comparable to Fair-Market Value	3.53	3.45	3.21	3.50	3.42 <sup>e</sup>	6	6
User Access Based on Economic Criteria	3.25	3.14	3.13	3.23	3.24 <sup>f</sup>	7	7
User Access Based on Ecological Criteria	3.07	2.74	2.67	2.99	3.01 <sup>g</sup>	8	8
Transfer Management of Federal Lands to States	3.79	3.90	4.11	3.83	4.19 <sup>c</sup>	4	4
Sale of Federal Lands to Private Owners	2.85	3.23	3.39	2.94	2.93 <sup>g</sup>	9	9
Federal Funding for Public Purchase of Private Lands	1.90	1.65	1.56	1.84	1.99 <sup>h</sup>	10	10
Encouragement of Grazing and Timber Cutting	4.04	4.31	4.51	4.11	4.10 <sup>b</sup>	2	2
Encouragement of Oil and Gas Exploration	3.92	4.16	4.36	3.99	4.07 <sup>b</sup>	3	3
Return Revenues from Federal Lands to Local Governments	4.17	4.10	4.20	4.16	4.22 <sup>a</sup>	1	1
Increase Payments in Lieu of Taxes for Local Government Services	3.61	3.69	3.67	3.63	3.66 <sup>d</sup>	5	5

\* Selected states include **Montana**, Wyoming, Idaho, and Utah. Average scores are based on a scale of 1 = least important, 2 = less important, 3 = neutral, 4 = important, and 5 = most important among respondents expressing an opinion. Composite scores are compared using Fisher's Protected LSD. Statistically significant differences in scores are shown in the composite column with different superscripts (P<0.05).

## Public Lands

The management of public lands is a significant issue across the western United States. Producers in four western states were asked a question on public lands management addressing ten policy alternatives. Their composite preferences are summarized (Table 16).

Among producers, the number one policy alternative was returning a large portion of revenues from federal lands management to local governments. This alternative received a composite score of 4.22 on a scale of 1 (strongly disagree) to 5 (strongly agree). Second and third among producer preferences were policy directions which allow more oil and gas exploration and more grazing and timber cutting activities, with scores of 4.10 and 4.07 respectively, a difference that is statistically

insignificant. The fourth preference was a proposal to transfer the management of the public lands from the federal government to the respective states (4.19). All four of these alternatives were ranked highly by producers, with composite scores over 4.00. A commonality among these four proposals is reduced federal control and increased state management and state revenues with the increased opportunity for local production activities (oil and gas exploration, grazing, and timber harvesting).

Ranked at the bottom of the list of 10 alternatives was increased federal funding for the public purchase of more private lands, scoring 1.99 on the scale of 1 to 5. The low ranking of this alternative reinforces the preference for local control rather than federal control. While it is clear that producers are not interested in more private lands being purchased by public agencies, there is less

agreement on a converse proposal to sell federal lands to private owners. This proposal met with a slightly-negative response, having a composite score of 2.93.

Montana producers support proposals to encourage grazing and timber cutting and oil and gas exploration on federal lands and returning a larger portion of revenues from federal lands to local governments. These producers are least interested in providing federal funding for the purchase of private lands.

## **Summary**

The policy issues and alternatives addressed are quite varied. And, a different group of states generated the producer responses for each question. The preferences for fruit, vegetable, and specialty crop programs are perhaps different than traditional commodity programs. In the risk management area, producers wanted new tools such as savings accounts and risk management incentive payments more than they wanted expanded insurance programs.

For public lands, producers favored local control, active land management, and utilization over federally-implemented controls.

Maintaining or building research and extension funding was highly preferred by producers.

In short, the survey results suggest that producers preferred policies that promised to support agriculture and agriculture's opportunity to grow within a changing environment. Producers' preferences for pursuing new forms of support for specialty crops and creating new risk management tools shows a general preference for policies that focus on addressing emerging issues.

# Appendix A

## 2005 NATIONAL AGRICULTURAL, FOOD, AND PUBLIC POLICY PREFERENCE SURVEY

This survey asks for your preferences and opinions on the 2007 Farm Bill. Congress will face many challenges, constraints, and trade-offs in writing this legislation. Budget deficits, trade issues and agreements, changing farm policy priorities, and new emerging issues will all affect the debate. The opinions of farm or ranch operators who respond to this survey will be reported in a national Extension publication that will help guide what is proposed, what is traded off, and what is ultimately authorized and funded in the upcoming Farm Bill.

If you are currently a farm or ranch operator and grew any crops, raised any livestock, or had any crops or livestock in inventory on your operation in 2005, please fill out this questionnaire and provide your opinion about the selected policy issues and alternatives and return the questionnaire in the enclosed envelope. If you are not currently a farm or ranch operator, please return this questionnaire in the enclosed envelope and provide the name and address of the current operator in the available space above.

### SECTION A - FARM PROGRAMS AND BUDGET PRIORITIES

The 2007 Farm Bill may need to reduce or reallocate federal funding for current farm programs. The 2007 Farm Bill may also support new programs with new or reallocated federal funding. With these significant questions and possible trade-offs, your opinions are sought on the overall goals and priorities for federal legislation.

Please indicate how important you feel each of the following goals or programs is by circling the appropriate number. (1 = least important (LI), 2 = less important, 3 = neutral, 4 = important, 5 = most important (MI), X = don't know/no opinion (DK))

- |   | LI | MI      | DK |
|---|----|---------|----|
| 1. The goals of the Farm Bill should be to:   |    |         |    |
| a. Enhance farm income .....  | 1  | 2 3 4 5 | X  |
| b. Reduce price/income risk.....  | 1  | 2 3 4 5 | X  |
| c. Increase the competitiveness of U.S. agriculture in the global marketplace .....                             | 1  | 2 3 4 5 | X  |
| d. Enhance opportunities for small farms/ ranches and beginning farms/ranches.....                              | 1  | 2 3 4 5 | X  |
| e. Contribute to protecting the nation's land, water, and environmental resources.....                          | 1  | 2 3 4 5 | X  |
| f. Enhance rural economies .....  | 1  | 2 3 4 5 | X  |
| g. Assure a safe, secure, abundant, and affordable food supply.....   | 1  | 2 3 4 5 | X  |
| h. Reduce the nation's dependency on non-renewable sources of energy.....                                       | 1  | 2 3 4 5 | X  |
| 2. How important is it to maintain funding for the following existing programs?                                 |    |         |    |
| a. Fixed, decoupled crop commodity payments (direct payments) .....   | 1  | 2 3 4 5 | X  |
| b. Crop commodity payments tied to price (counter-cyclical payments) .....                                      | 1  | 2 3 4 5 | X  |
| c. Crop commodity payments tied to price and production (commodity loans, LDPs, etc.) .....                     | 1  | 2 3 4 5 | X  |
| d. Livestock commodity supports tied to price and production (milk support programs/, MILC payments, etc.)..... | 1  | 2 3 4 5 | X  |
| e. Land retirement conservation programs (CRP, WRP) .....   | 1  | 2 3 4 5 | X  |
| f. Working land conservation programs (EQIP, WHIP, CSP, etc.).....  | 1  | 2 3 4 5 | X  |
| g. Wildlife habitat, agricultural land, and grassland preservation programs (WHIP, FRPP, GRP).....              | 1  | 2 3 4 5 | X  |

- |  |   |         |   |
|--|---|---------|---|
| h. Risk management programs (crop and livestock insurance programs) .....  | 1 | 2 3 4 5 | X |
| i. Agricultural credit programs (FSA direct and guaranteed loans) .....  | 1 | 2 3 4 5 | X |
| j. Disaster assistance programs.....   | 1 | 2 3 4 5 | X |
| 3. How important is it to provide new or reallocated funds for the following programs?   |   |         |   |
| a. Support payments tied to farm income level.....   | 1 | 2 3 4 5 | X |
| b. Support payments for commodities not included in existing programs (fruits, vegetables, nursery crops, livestock, wood products, etc.)..... | 1 | 2 3 4 5 | X |
| c. Incentives for farm savings accounts.....   | 1 | 2 3 4 5 | X |
| d. Bioenergy production incentives.....  | 1 | 2 3 4 5 | X |
| e. Biosecurity incentives and assistance .....   | 1 | 2 3 4 5 | X |
| f. Food safety programs and assistance .....   | 1 | 2 3 4 5 | X |
| g. Traceability and certification programs .....   | 1 | 2 3 4 5 | X |

### SECTION B - COMMODITY PROGRAMS AND RISK MANAGEMENT POLICY

Commodity programs and related risk management programs have been a fundamental part of federal farm policy over the years. The design of these programs and their impact on producers and production decisions is a critical part of the Farm Bill debate. Because of the impact of these programs, your opinions are sought on the following issues.

Please indicate how strongly you agree or disagree with the following statements. (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know)

- |   | SD | SA      | DK |
|---|----|---------|----|
| 4. Farm program commodity payments should be phased out over the length of the 2007 Farm Bill. ....   | 1  | 2 3 4 5 | X  |
| 5. Farm program commodity payments should be reduced, but not phased out in the 2007 Farm Bill. ....  | 1  | 2 3 4 5 | X  |
| 6. Farm program commodity payments should be targeted to small farmers.....   | 1  | 2 3 4 5 | X  |
| 7. Existing commodity program payment limits should be reduced to lower levels. ....  | 1  | 2 3 4 5 | X  |
| 8. Existing commodity program payment limits should be changed to apply to a single individual, eliminating what is known as the three-entity rule. ....  | 1  | 2 3 4 5 | X  |
| 9. Existing commodity program payment limits on marketing loans should be changed to eliminate the unlimited use of certificate and forfeiture gains..... | 1  | 2 3 4 5 | X  |

10. Some have suggested that current commodity programs could offer a buy-out program similar to that recently implemented for tobacco. In a buy-out program, producers would be offered a lump-sum payment or series of payments in exchange for eliminating all future rights to federal commodity program payments. Please indicate your preference for each of the following buy-out options.

	Yes	No	No Opin./ Don't Know
a. Producers should be offered a buy-out of existing commodity programs. ....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. If a buy-out were offered in a single lump-sum equal to 15 years worth of my current commodity payments in today's dollars, I would take it.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. I would accept an equal value of the buy-out described in 10b if it were paid in a series of annual installments. ....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. If a buy-out were offered in a single lump-sum equal to 25 years worth of my current commodity payments in today's dollars, I would take it.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. I would accept an equal value of the buy-out described in 10d if it were paid in a series of annual installments. ....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Federal dairy programs have included both a dairy price support program backed by government purchases and a direct payment program based on milk prices called the milk income loss contract (MILC). What should be the policy regarding future dairy programs? (Check one)

a. Eliminate all dairy support programs.....	<input type="checkbox"/>
b. Eliminate the MILC program and retain only the dairy price support program.....	<input type="checkbox"/>
c. Eliminate the dairy price support program and provide direct payments only in a method similar to the MILC program .....	<input type="checkbox"/>
d. Reauthorize both the current dairy price support program and the MILC program .....	<input type="checkbox"/>

**SECTION C - CONSERVATION AND ENVIRONMENTAL POLICY**

Conservation of the nation's land and water resources is a well-recognized national priority. Effective federal program design must deal with targeting conservation priorities, streamlining program delivery, managing partnerships with state and local governments, recognizing changes in farming and land ownership, and encouraging farmers and rural landowners to be conservation-minded. Because of the significant issues involved in these programs, your opinions are sought on the following issues.

12. Considering the following environmental goals, please indicate your preference for organizing federal technical and financial assistance to private landowners. (Check one for each listed goal)

	No Fed. Assist.	Tech. Assist. Only	Tech. and Fin. Assist.	No Opin./ Don't Know
a. Water quality protection .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Soil erosion control .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Air quality protection .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Wildlife habitat protection.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Open space protection.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Management of animal wastes .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Carbon sequestration.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Maintenance of biodiversity .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. One option for tailoring conservation programs to local needs is to transfer federal funding through block grants to states and give them more authority to implement conservation programs. Please indicate how strongly you agree or disagree with this approach.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion/ Don't Know
<input type="checkbox"/>					

14. Most contracts for land currently enrolled in the Conservation Reserve Program (CRP) will expire by 2010. If changes to the CRP policy are considered, which of the following alternatives would you prefer? (Check one)

a. Keep current rules and allow current contracts to expire on schedule and compete for re-enrollment against other land being offered for enrollment. ....	<input type="checkbox"/>
b. Allow current contracts ranking highest in environmental benefits to be automatically eligible for re-enrollment at existing annual rental rates.....	<input type="checkbox"/>
c. Reduce the acreage in the CRP as current contracts expire by restricting future enrollments to high-priority, environmentally sensitive lands.....	<input type="checkbox"/>
d. Eliminate the CRP as current contracts expire. ....	<input type="checkbox"/>

15. The Conservation Security Program (CSP) provides cost-share assistance, incentive payments, and technical assistance to producers for adopting and/or maintaining targeted conservation practices on working lands. How should the CSP be addressed in the next Farm Bill? (Check one)

a. Continue the current policy of implementing the CSP on a watershed-by-watershed basis as funding allows.....	<input type="checkbox"/>
b. Increase funding to allow immediate nationwide implementation of the CSP.....	<input type="checkbox"/>
c. Eliminate the CSP as existing contracts in pilot watersheds expire.....	<input type="checkbox"/>

**SECTION D - TRADE POLICY**

Most U.S. agricultural commodities are substantially impacted by international trade and competition from imports or demand for exports. The United States participates in bilateral and regional trade agreements and in the multinational World Trade Organization (WTO). Because of the impact of international trade, your opinions are sought on these issues.

Please indicate how strongly you agree or disagree with the following statements. (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know)

	SD	SA	DK
16. The United States should continue to pursue free trade agreements (WTO, CAFTA, etc.) to reduce and eliminate trade barriers. ....	1	2	3 4 5 X
17. Labor laws, environmental impacts, and food safety standards should be included as part of international trade negotiations. ....	1	2	3 4 5 X
18. To comply with the recent WTO ruling on cotton, the United States should eliminate export credits and industry payments such as Step 2 cotton payments..	1	2	3 4 5 X
19. The United States should emphasize domestic economic and social policy goals rather than trade policies.....	1	2	3 4 5 X
20. The United States should withdraw from the WTO. ...	1	2	3 4 5 X
21. If the United States withdraws from the WTO, U.S. producers will face greater market access problems getting agricultural exports into other countries.....	1	2	3 4 5 X
22. The United States should eliminate unilateral sanctions prohibiting food trade with certain other countries.....	1	2	3 4 5 X

**SECTION E - FOOD SYSTEM AND REGULATORY POLICY**

There are many policies developed in the Farm Bill or in closely related legislation that affect the nation's food system and regulatory framework. Because of the impact of these food system policies on U.S. agriculture, your opinions are sought on the following issues.

Please indicate how strongly you agree or disagree with the following statements. (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know)

- |  | SD | SA | DK      |
|--|----|----|---------|
| 23. The government should implement mandatory labeling rules to identify the country of origin on food products. ....  | 1  | 2  | 3 4 5 X |
| 24. The government should develop voluntary labeling guidelines to better establish what the identification of the country of origin means for food products. .... | 1  | 2  | 3 4 5 X |
| 25. The government should increase efforts to improve traceability of food products from the consumer back to the producer. ....                                   | 1  | 2  | 3 4 5 X |
| 26. The government should adopt mandatory animal identification rules to improve animal health and food safety monitoring efforts. ....                            | 1  | 2  | 3 4 5 X |
| 27. The government should adopt mandatory BSE testing of all cattle over 30 months of age. ....  | 1  | 2  | 3 4 5 X |
| 28. The government should establish guidelines for voluntary BSE testing of cattle by private industry. ....   | 1  | 2  | 3 4 5 X |
| 29. Food products made with biotechnology should be labeled regardless of whether there is a scientifically-determined difference in the product. ....             | 1  | 2  | 3 4 5 X |

**SECTION F - RELATED POLICY ISSUES**

Many other policy issues affect agriculture and rural America. Because of the significance of these various policies, your opinions are sought on the following issues.

**SECTION G - PERSONAL DATA**

30. What is your age? (Check one)

- Under 25    25-34    35-44    45-54    55-64    65 and over
- 

31. What is your gender? (Check one) ..... Male  Female

32. Are you of Spanish, Hispanic, or Latino origin or background such as Mexican, Cuban, or Puerto Rican, regardless of race? (Check one) ..... Yes  No

33. What is your race or ethnicity? ..... (Check one)
- a. White.....
  - b. Black or African American.....
  - c. American Indian or Alaska Native.....
  - d. Native Hawaiian or Other Pacific Islander.....
  - e. Asian.....

34. What is the approximate average annual market value of agricultural products sold from your farm or ranch in recent years, **not including government payments?** (Check one)
- a. Under \$10,000.....
  - b. \$10,000 - \$49,999.....
  - c. \$50,000 - \$99,999.....
  - d. \$100,000 - \$249,999.....
  - e. \$250,000 - \$499,999.....
  - f. \$500,000 - \$999,999.....
  - g. \$1,000,000 and over.....

35. What percent of your total farm or ranch cash receipts in recent years came from the following sources? (Insert whole percentages-numbers should add to 100%)

- a. Food and feed grains.....
- b. Soybeans and other oilseeds.....
- c. Cotton.....
- d. Dry beans, dry peas, lentils, and chickpeas.....
- e. Peanuts.....
- f. Sugar beets and sugar cane.....
- g. Tobacco.....
- h. Fruits, tree nuts, and berries.....
- i. Vegetables, melons, and potatoes.....
- j. Nursery, greenhouse, floriculture, and sod.....
- k. Forages.....
- l. All other crops.....
- m. Aquaculture.....
- n. Cattle and calves.....
- o. Dairy cattle and dairy products.....
- p. Hogs and pigs.....
- q. Sheep, goats, and their products.....
- r. Poultry and poultry products.....
- s. All other livestock and livestock products.....

36. What percent of your total farm or ranch cash receipts in recent years came from sales of organic products? (Insert percentage as a whole number).....

37. What percent of your family income is typically earned from farming or ranching? (Check one)

- None    1 - 25%    26 - 50%    51 - 75%    76 - 100%
- 

38. What was the last year of school you completed? (Check one)

- Grade School    Some High School    High School/ GED    Some College/ Tech School    College Bachelor's Degree    College Advanced Degree
- 

39. What federal farm programs did your operation participate in or receive benefits from in recent years? (Check all that apply)

- a. Commodity programs (direct payments, price supports, commodity loans, LDPs, etc.).....
- b. Land retirement conservation programs (CRP, WRP).....
- c. Working land conservation programs (EQIP, CSP, etc.).....
- d. Wildlife habitat, agricultural land, and grassland preservation programs (WHIP, FRPP, GRP).....
- e. Risk management programs (crop and livestock insurance programs).....
- f. Agricultural credit programs.....
- g. Disaster assistance programs.....
- h. Trade adjustment assistance programs.....
- i. Other federal farm programs.....

40. What percent of the land operated in your farm or ranch do you own? (Check one)

- None    1 - 25%    26 - 50%    51 - 75%    76 - 100%
- 

41. When you are no longer operating your farm or ranch, what do you expect will happen to the operation? (Check one)

- a. It will be operated by my spouse.....
- b. It will be operated by my children.....
- c. It will be operated by other relatives.....
- d. It will be operated by a non-relative who is currently involved in the operation.....
- e. It will be operated by individuals not involved in the current operation.....
- f. It will be converted to a non-farm use.....

42. If farm size is defined by the value of agricultural products sold, what size level would you suggest defines a small farm? (Check one)

- a. Under \$10,000.....
- b. Under \$50,000.....
- c. Under \$100,000.....
- d. Under \$250,000.....
- e. Under \$500,000.....
- f. Under \$1,000,000.....
- g. Small farms cannot be easily defined by sales.....



**Copyright 2007:**

The programs of the MSU Extension Service are available to all people regardless of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. Issued in furtherance of cooperative extension work in agriculture and home economics, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Dr. Douglas Steele, Vice Provost and Director, Extension Service, Montana State University, Bozeman, MT 59717.