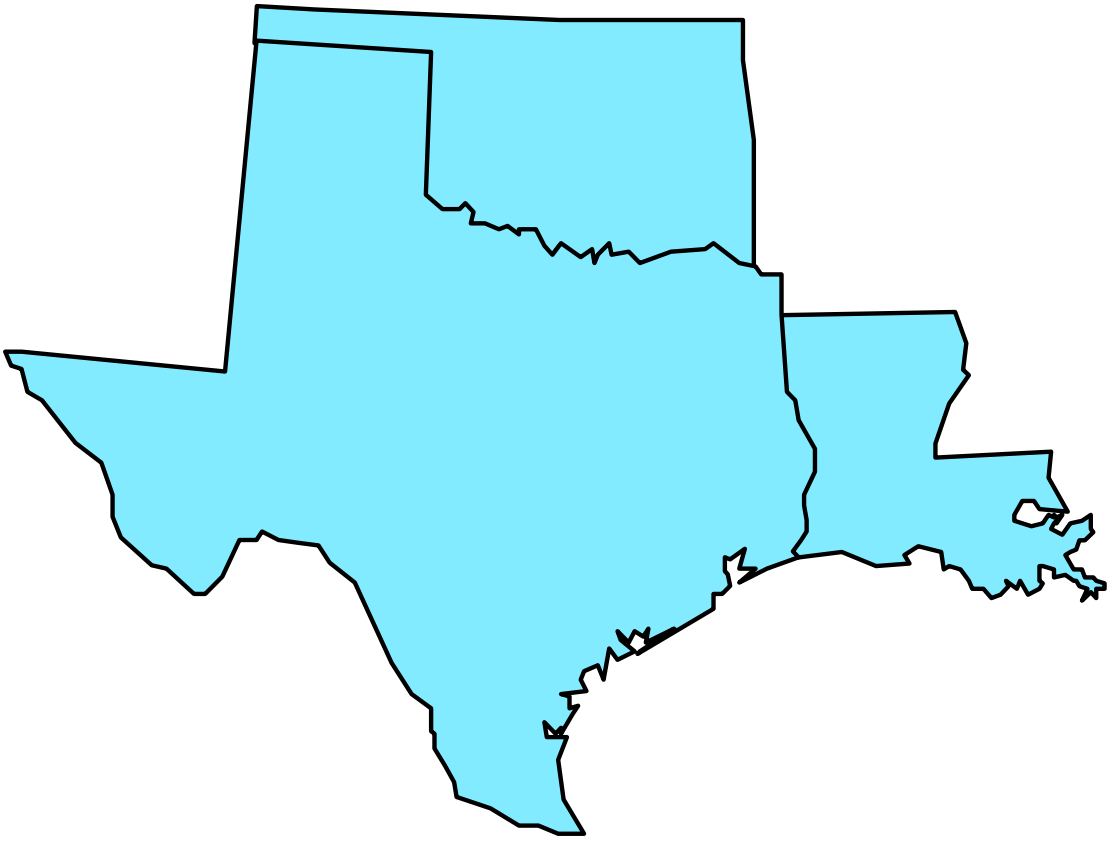
Southwest Regional Perspectives on Specialty Crop Policy Options and Consequences: Views of Vegetable, Melon, and Fruit Producers in Louisiana, Oklahoma, and Texas on the 2007 Farm Bill Policy Options



by

Flynn Adcock, Joe Outlaw, Parr Rosson, Roland Fumasi and Yan Xia
Center for North American Studies and Agricultural and Food Policy Center
Department of Agricultural Economics, Texas A&M University
College Station, Texas

July 2006

Funding for this project has been made available by the Governor's Buy California Initiative, the California Department of Food and Agriculture ("CDFA") and the U.S. Department of Agriculture ("USDA"). The content of this publication does not necessarily reflect the views or policies of CDFA or USDA, nor does any mention of trade names, commercial products and organizations imply endorsement of them by CDFA or USDA.

Southwest Regional Perspectives on Specialty Crop Policy Options and Consequences: Views of Vegetable, Melon, and Fruit Producers in Louisiana, Oklahoma, and Texas on the 2007 Farm Bill Policy Options

Introduction

This report discusses policy preferences expressed by producers for the 2007 farm bill, focusing on selected Southwestern specialty crops. The report is a component of a national effort to determine regional producer attitudes and desires for the next farm bill as it relates to fruits and vegetables. Producer policy preferences are reported for six focus group meetings held across the southwest. Results vary somewhat by region or state, but are fairly consistent regarding the major preferred program provisions.

Description of the Study Area and Industry

This project focused on specialty crop production in Texas, Louisiana and Oklahoma. These states produce a variety of vegetables, melons, fruits, and tree nuts. This study focuses on attitudes and preferences for producers of vegetables, melons, and berries.

California ranks first in both the fresh and processing vegetable output with 48 and 63 percent of production, respectively, during 2005 (NASS/USDA). By comparison, Texas ranks fifth in the production of fresh vegetables with 3.5 percent of production and tenth in processing vegetables with 0.6 percent of production. Oklahoma ranks 28th in fresh vegetable production with no mention in the processing vegetable rankings, while Louisiana is not ranked in either fresh or processing vegetable production. Specialty crop production in all three states, however, is important to the producers and communities where it occurs.

In terms of planted and harvested area, Texas is ranked sixth in each category for the 34

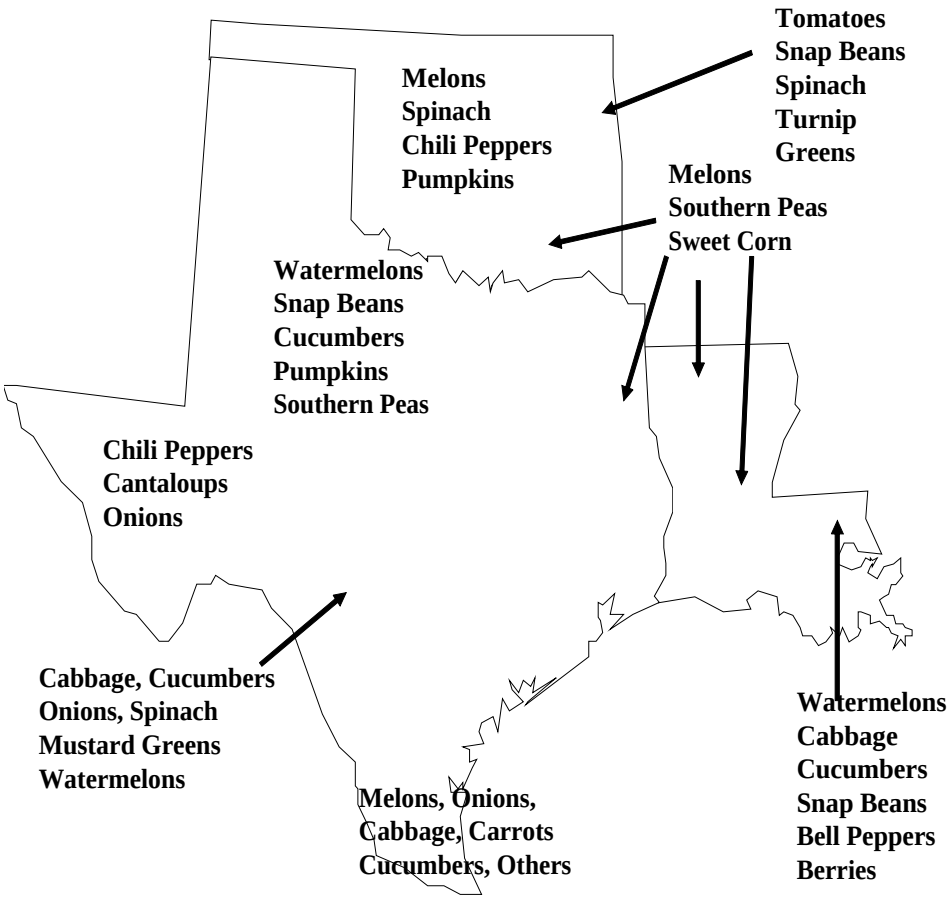
NASS categories of major fresh vegetables and melons with 73,200 acres planted and 68,100 acres harvested during 2005[1]. The total volume of the harvested vegetable area was 1,643 million pounds and valued at $357.6 million. Oklahoma planted 6,500 acres of fresh vegetables during 2005 and harvested 5,000 acres. The total volume of the fresh vegetable production was 72.5 million pounds valued at $6.8 million. Texas and Oklahoma represented about 3.5 percent and 0.15 percent, respectively, of total value of the 34 major fresh vegetable categories in the United States.

In the processing vegetable market, Texas ranked tenth by volume of production in 2005. Texas planted 21,300 acres and harvested 19,800 acres of the 10 major vegetables. The total volume of harvested vegetable was 198.1 million pounds with a value of $13.6 million. This accounted for 0.63 percent of the total value of the 10 major processing vegetables in the United States.

Figure 1 indicates the specific vegetables and melons grown in Texas, Oklahoma, and Louisiana by harvested acreage according to the *2002 Census of Agriculture*, the last year for which a census was published. According to the census, the three states accounted for four percent of the vegetable and melon acreage harvested during 2002. The most prevalently grown crop in the three-state region watermelon with 45,900 acres harvested for sale, accounting for 28 percent of U.S. watermelon harvested acreage that year. The second highest number of acres harvested was onions at 15,300 acres (9.3 percent of U.S. acreage), followed by cucumbers at 10,800 acres (6.5 percent), cantaloupes at 10,500 acres (10.0 percent), and black-eyed peas at

[1]Note: These figures do not include potatoes or sweet potatoes as NASS/USDA treats these crops apart from the crops included in the 34 major fresh vegetables and melons category.

Figure 1. Southwestern Fresh Vegetable Production, Major Crops,2002



Source: 2002 Census of Agriculture, NASS/USDA

8,900 acres (30.9 percent). Other vegetables in which the region composes a large portion of U.S. harvested area are okra with 1,100 acres accounting for 35 percent, snap beans (8,800 acres and 23.7 percent), mustard greens (1,800 acres and 13.0 percent), chili peppers (5,400 acres and 12.6 percent), and spinach (5,400 acres and 10.8 percent).

Texas, Louisiana and Oklahoma also produce a moderate amount of berries, mainly blackberries, blueberries, raspberries, and strawberries. Combined, the three states harvest about

2,320 acres of berries for sale, or 1.7 percent of the U.S. total, with Texas at 1,370 acres, Louisiana at 710 acres, and Oklahoma at 240 acres.

The major growing regions in Texas, Oklahoma and Louisiana are nearly as varied as crops produced. In Texas, the major growing areas of the crops in this study are the Lower Rio Grande Valley, with 40,300 acres of vegetables and melons harvested for sale in 2002 representing 32 percent of Texas harvested acreage. Major crops grown in the Valley are watermelons, onions, cabbage, cantaloupes, carrots, cucumbers, and a wide variety of other vegetables. The Southern Plains of Northwest Texas harvested 27,400 acres for sale in 2002, mainly in watermelons, snap beans, southern peas, pumpkins, cucumbers, and sweet corn, and accounted for 22 percent of the Texas total. The Winter Garden area of Southwest Texas harvested 19,900 acres for 16 percent of the Texas total, with crops such as cucumbers, cabbage, spinach, onions and mustard greens accounting for the majority of area. East Texas harvested 6,900 acres for sale. The primary crops were peas and melons, for 5.5 percent of the total, while the Trans–Pecos region of West Texas harvested 6,000 acres of mainly chili peppers, cantaloupes, and onions for 4.8 percent of Texas fresh vegetables harvested for sale.

In Oklahoma, 18,600 acres of fresh vegetables were harvested for sale in 2002. The eastern part of the state accounted for about half of this acreage, featuring products such as snap beans, spinach, tomatoes, southern peas, pumpkins, and sweet corn. Southern Oklahoma produces melons and sweet corn, and Western Oklahoma, with melons, cabbage, chili peppers, and spinach, account for most of the rest of fresh vegetables harvested for sale in Oklahoma. In Louisiana, the area in Eastern Louisiana north of Lake Pontchartrain and the Northwestern region of the state each account for about twenty percent of the 6,600 acres of Louisiana fresh

vegetables harvested for sale. Eastern Louisiana produces a wide variety of vegetables, melons, and berries, while the Northwest produces watermelons, southern peas, and sweet corn. Central Louisiana and Northeast Louisiana each harvested about eleven percent of the state's fresh vegetable acreage, and each of these areas mainly produces southern peas and watermelons while Central Louisiana produces sweet corn.

Texas is a major shipper of some fruits and vegetables throughout the nation. According to Agricultural Marketing Services (AMS), USDA, 453.3 million pounds of watermelons were shipped from Texas in 2005. This accounted for 28 percent of the state total shipments of fruits and vegetables and 17 percent of U.S. watermelon shipments. In the same year, 398.6 million pounds of onions were shipped from Texas, which represented almost a quarter of the state's total shipments. Other large shipments of vegetables from Texas included 225.7 million pounds of cabbage, 64.4 million pounds of potatoes, and 44.5 million pounds of mustard greens.

According to AMS/USDA, watermelons were the only fruit transported from Oklahoma to other states within the nation in 2005. Total shipments were 7.1 million pounds. Likewise, Louisiana shipped only one crop during 2005, in their case sweet potatoes. These shipments totaled 129.1 million pounds and accounted for 30 percent of U.S. sweet potato shipments.

Listening Sessions with Specialty Crop Producers in the Southwest

Methodology

As part of the project *Farm Bill 2007: Southwest Regional Perspectives on Specialty Crop Policy Options and Consequences,* a total of six listening sessions were held in Texas, Oklahoma, and Louisiana. Three of the meetings were held in Texas, two in Louisiana, and one

in Oklahoma. These sessions consisted of meeting with vegetable, melon, and/or berry producers. Tree fruit and nut farmers were generally not included in the sessions due to the fixed and specialized nature of assets, major investment required to begin such an operation, the long amount of time before the first harvest, and the fact that farmers cannot simply shift into a tree crop one year and back into a non-tree crop the next.

Meeting leaders introduced the project and the goal of the meeting, which was to determine the participant's preferences for various agricultural-related policies if specialty crop provisions were to be included in a new farm bill. The list of 12 categories of policy options were introduced to the participants. Some participants were more familiar with current farm policy provisions than were others. Following a discussion of the alternatives, participants were asked to individually rank each option from most preferred (1) to least preferred (12).

Once individual rankings were completed, participants were then asked to establish a group ranking in a consensus fashion. The method used involved obtaining a consensus was to identify the most preferred policy option (1), followed by the second most preferred option (2). Then, a consensus was sought on the least preferred alternative (12) and then the second least preferred alternative (11). Then, consensus was reached on the third and fourth most preferred options (3, 4), and then the third and fourth least preferred options (9, 10). Finally, the participants were asked to reach agreement on the final four options from most to least preferred options (5-8) to complete the rankings. Once the consensus rankings were reached, the rankings were read to the group to ensure that there was agreement on these final rankings. While the consensus rankings were the main output from the listening sessions, many other observations and opinions were gathered and are included in this report.

While the above methodology was generally followed, there were unique situations that arose in some cases. One example is that the meeting held with the Texas Watermelon Association board of directors in January 2006 was more abbreviated than desired. As a result, each participant completed their individual rankings but there was no time for the consensus ranking process. In this case, a consensus ranking using a "modified average" process was used, considering both the mathematical average ranking as well as the mode and median ranking for each option and the presence of extreme rankings. The September 2005 meeting of the Oklahoma Vegetable Association was conducted by a colleague at Oklahoma State University and the results of that meeting were included in the results of this study.

Results

Results of consensus rankings from the six specialty crop producer listening sessions were quite varied. While there was no consistent most preferred farm policy from one listening session to another nor was there a consistent least preferred policy, certain trends were identified and will be discussed. Table 1 displays the rankings of all six listening sessions combined when using both a mathematical average of consensus rankings for each policy option as well as an Olympic-average in which the highest and lowest consensus rankings for each policy option were eliminated before calculating the arithmetic average.

Both averaging methods showed *Research Programs*, including technology, pest prevention, value-added products, biofuels, and economic analysis, were the most preferred potential programs, while *Disaster Assistance Payments* were the second most preferred. Least preferred policies under each method were *Rural Development Program*, which ranked last, and *Devolution of Farm Programs from the Federal Government to State Governments* as the second

least preferred. The other issues were ranked the same or within two places of the same rankings regardless of method used.

Table 1: Average Consensus Rankings of Farm Policy Preferences of Texas, Oklahoma, and Louisiana Specialty Crop Producers

Agricultural Policy Option	Arithmetic Average Ranking	Olympic Average Ranking	Olympic Average Compared to Arithmetic Average
Research Programs	1	1	Same
Disaster Assistance Payments	2	2	Same
Small Farm Programs	3	4	Down 1
Conservation Programs	T-4	3	Up 1
Food Assistance and Nutrition Programs	T-4	T-5	Down 1
Insurance Programs	6	8	Down 2
Trade Policy	7	T-5	Up 2
Agricultural Biofuels/Renewable Energy	8	7	Down 1
Income Support Programs	9	9	Same
Sustainable/Organic Farming Programs	T-10	10	Same
Devolution of Farm Programs from Federal to State	T-10	11	Down 1
Rural Development Programs	12	12	Same

Note: 1 is Most Preferred, 12 is Least Preferred.

Results by State and Listening Session

The consensus policy preference rankings displayed in Table 1 reveal an overall trend; however, it masks the considerable amount of variability present from one listening session to the next. (table 2) Some of the reason for this variability has to do with the familiarity of the farmers with the various options from one meeting to the next. For instance, many of the vegetable growers in the Oklahoma meeting also had other area under current programs on which they were growing grains or cotton while virtually none of the farmers in the Texas meetings had acreage in program crops. Another reason for variability has to do with recent performance and other issues related to production. In Louisiana, the after-effects of Hurricane Katrina and the feeling that the federal government was not providing enough storm loss-related assistance likely impacted their rankings while immigration reform legislation was fresh on the mind of at two meetings of the Texas producers. Therefore, a review of results by listening session has merit.

Oklahoma Vegetable Growers

A meeting of approximately 15 Oklahoma vegetable producers was held September 23, 2005 in Oklahoma City during the meeting of the Oklahoma Vegetable Association to determine grower preferences for the 2007 Farm Bill policy options. The meeting was organized and conducted by Dr. Merritt J. Taylor, an agricultural economist who serves as Director/Professor of the Wes Watkins Agriculture Research and Extension Center, Oklahoma State University, Lane, Oklahoma. Dr. Taylor also had Dr. Warren Roberts and Dr. Jim Shrefler, Oklahoma State University horticulturalists, in attendance to assist in the guidance of the meeting and the information gathering process.

Table 2: Consensus Rankings of Farm Policy Preferences of Texas, Oklahoma, and Louisiana Specialty Crop Producers by Listening Session in Overall Average Order

Agricultural Policy Option	Oklahoma Vegetable Association	Texas-Oklahoma Watermelon Association	Lower Rio Grande Valley	Winter Garden	South Tangipahoa Parish	North Tangipahoa Parish
Research Programs	2	1	2	4	9	5
Disaster Assistance Payments	T-3	9	6	1	4	2
Small Farm Programs	5	8	10	6	1	4
Conservation Programs	7	4	3	3	12	6
Food Assistance and Nutrition Programs	9	2	1	8	6	9
Insurance Programs	T-3	11	5	10	8	1
Trade Policy	8	10	4	2	3	12
Agricultural Biofuels/ Renewable Energy	6	3	8	5	11	7
Income Support Programs	1	12	12	12	2	3
Sustainable/Organic Farming Programs	10	7	7	7	7	11
Devolution of Programs from Federal to State	11	5	9	11	5	8
Rural Development Programs	12	6	11	9	10	10

Note: 1 is Most Preferred, 12 is Least Preferred

The most preferred policy option in the Oklahoma City session group was *Income Support Programs,* followed by *Research Programs, Disaster Assistance Programs* and *Insurance Programs*. One reason *Income Support Programs* rated so highly is that many of the participants in this session also farmed current program crops and have received payments from

these programs. In fact, these producers were more interested in farm income safety net programs and input cost subsidies than any other policy alternatives. The attendees also thought that *Disaster Assistance* and *Insurance Programs* should be treated as one type of farm program component. Some even felt that there is not a need for both federally funded insurance programs and federally funded private programs, the latter of which was perceived to be especially lucrative.

The least preferred policy option in this session was *Rural Development Programs,* then *Devolution of Farm Programs from Federal to State Government*, and *Sustainable/Organic Farming*. Particularly, *Rural Development Programs* have been seen as harmful to farmers as they are thought to increase the price of land, thereby raising farmers' costs. This is especially true when the program in question leads to new subdivisions that create competition for farm land and drive up the cost.

Other observations from this group focused on conservation and tax issues. While some participants felt the Conservation Reserve Program (CRP) has been beneficial, it is viewed as hard to get into. Some thought that water quality programs were important and enhancement of wildlife habitat is important, but the former unfairly targets farmers with excessive restrictions while the latter could lead to wildlife damaging crops. These are likely reasons that Conservation Programs were ranked right in the middle. On tax issues, the participants believed that elimination of estate taxes should be added to the list of issues critical to farm profitability and that tax incentives should be provided to young farmers because the average age of farmers is high, as high as 62 years in some counties. Finally, no matter which programs are selected for implementation, the proper administration of the programs is crucial if the programs are to

achieve their objectives and be effective.

Texas-Oklahoma Watermelon Association Board of Directors

On January 19, 2006, 17 members of the Texas-Oklahoma Watermelon Association Board of Directors were interviewed at their annual meeting in San Antonio, Texas. A consensus ranking from the 17 individual ranking forms turned in using a "modified average" approach, considering both the mathematical average ranking as well as the mode and median ranking for each option and the presence of extreme rankings. However, only 12 of the surveys could be used in the process as five individuals ranked half or more of the policy options as least preferred (12). While this indicates a strong reluctance to be included in any program, it does little to determine relative preferences among programs. As an example of the "modified average" approach, 58 percent of participants ranked both *Research Programs* and *Food Assistance and Nutrition Programs* very highly, either 1 or 2. The reason for determining *Research Programs* to be the most preferred was that it only had one outlier (above 3) from the most preferred group while *Food Assistance and Nutrition Programs* had three. Either way, these two programs were an extremely close one-two as most preferred.

Income Support Programs were ranked as least preferred followed by *Insurance Programs* and *Trade Policy*. It was clear that this was the group most apprehensive about income support provisions being added in the 2007 Farm Bill. Whether it was the reluctance of so many to rank the issues - one had all programs ranked 12, while two had 10 or 11 twelves - or the comments made by two who did rank the options that they would prefer no additional policies, participating in a farm program was not their preferred path. This reflects to a degree, the realization that farm programs tend to decrease price and/or income variability. Even still,

the participants seemed to agree that if specialty crops were to have a greater part of the next farm bill, they themselves did not want to be left out of the process or the program provisions.

Lower Rio Grande Valley Vegetable Growers

A group of five Lower Rio Grande Valley vegetable and fruit growers gathered in Mission, Texas on February 15, 2006 to discuss their preferences for the various farm policy options. Also present were representatives of the Texas Vegetable Association and the Texas Produce Association. Following a vigorous discussion of the alternatives, the group ranked *Food and Nutrition Programs* as their most preferred policy, followed by *Research Programs* and *Conservation Programs*. The participants felt there was a lot of room for growth for fruit and vegetable sales in the Fruit and Nutrition Programs area, especially if fresh produce could be approved for purchase in the Women, Infants, and Children (WIC) program. The group acknowledged that the main challenge to this is convincing state agencies to physically handle fresh produce rather than relying solely on canned and frozen produce. The attendees also believed that solid *Research Programs* lead to global competitiveness and that the United States has lost ground in research. On *Conservation Programs*, the farmers felt that the concepts were fine but the application of the programs fell short. For instance, the current Conservation Security Program is good, but it has not been fully funded. The group did think that environmental programs simply pay a good farmer for practices already being employed.

The least preferred policy option of the group was *Income Support Programs* because they were too market distorting. The participants stated that fruit and vegetable producers rely on risk to make a profit and that income support would remove some of that risk, leading to overproduction and lower prices. *Rural Development Programs* were the second least preferred

programs followed by *Small Farmer Programs*. There was some resistance to each of these policy categories and no reasons for the low preferences were revealed. While not on the list of agricultural policies, some in the group were concerned about a decrease in labor availability could result from an enforcement-only type immigration reform legislation.

Various comments were attached to other program preferences. For instance, the fourth most preferred policy option was *Trade Policy*, which for this group meant programs to restrict imports and increase exports. *Devolution of Farm Programs* ranked as the fourth least preferred policy and the group thought that there were some benefits of the last round of Texas specialty crop block grants when the funds were used for pest and disease research, but that any increase in such funds would need to be clearly dedicated to specialty crops. Finally, *Insurance Programs*, ranked fifth most preferred, as they are viewed as presenting a moral hazard for some farmers who might plant just to get the insurance payment. The group believed that any cost of production insurance coverage should cover less than 100 percent of the production cost so that risk is still present, and that yield coverage is a better option to follow. Even though the group thought that there was too diverse a set of crop insurance products, crop insurance was slightly preferable to disaster relief.

Winter Garden Vegetable Growers

On April 4, 2006, five vegetable and melon growers in the Texas Winter Garden area gathered in Batesville, Texas to discuss their preferences for agricultural policy options with project researchers. In terms of process, this listening session may have been the best executed of the Southwest Regional listening sessions. The most preferred policy option for the group was *Disaster Assistance Payments*. The second most preferred alternative was *Trade Policy*, but

the group emphasized that policies which restricted import competition were more important to them than policies which increased exports because the former were perceived as having a more direct price impact on U.S. producers. The third most preferred was *Conservation Programs*.

On the other end of the spectrum, the Winter Garden producers were consistent with the Texas sessions in ranking *Income Support Programs* as the least preferred policy option. Three main reasons were stated for this. First, the participants thought such programs would increase production, leading to lower prices. The other two reasons were the belief that it would be difficult to verify historical acreage and yield levels and that the program may not benefit large producers.

Devolution of Farm Programs and *Insurance Programs* were the second and third least preferred options, respectively. This is the farthest apart any group ranked *Disaster Assistance Programs* (1) and *Insurance Programs* (10). Three of the sessions had them tied or ranked tem consecutively, another had them two apart (9 and 11), and the fifth had them 4 apart (4 and 8). One reason for this is some recent negative experiences by many in the group with currently available insurance plans. Finally, this group was concerned about labor availability should current federal immigration reform legislation decrease the amount of immigrant labor at harvesting time.

South Tangipahoa Parish, Louisiana, Vegetable Growers

On May 24, 2006, two meetings were held in Tangipahoa Parish, Louisiana with a variety of vegetable and berry farmers. These meetings were organized with the assistance of Louisiana Cooperative Extension Service faculty based in the parish. Since these meetings were held separately, they are reported and analyzed separately. The consensus rankings were

influenced to some degree by the recent losses incurred as a result of Hurricane Katrina. The first session was held in southern Tangipahoa Parish on a farm near Hammond and six farmers were in attendance. The number one concern of the group had less to do with the programs being ranked and can be summed up by the statement of one of the farmers, "All we want is labor and a market."

For the policy options being ranked, the most preferred alternative was *Small Farm Programs*, including programs which would assist young individuals just getting started in farming. The next three most preferred policy options were *Income Support Programs*, *Trade Policy* in the form of import restrictions, and *Disaster Assistance Payments*. On the latter, the group thought it was imperative that such relief be based on a per crop basis as opposed to an annual basis. As an example, the spring 2005 tomato crop did well, but the fall 2005 crop was destroyed by Hurricane Katrina. Since one crop was profitable, the farmers were told they would not be getting any disaster assistance related to the loss of their fall crops.

Conservation Programs were ranked as least preferred by the group, followed by *Agriculture Biofuels /Renewable Energy* and *Rural Development Programs*. While no specific negative comments were made as to why these were the least preferred, the participants did seem to believe that these types of programs were unimportant for them, particularly the latter two. The only other comment specifically shared in the session was that *Sustainable/Organic Farming Programs*, which ranked in the middle of the pack, should really only include sustainable practices as the group was not very interested in organic farming.

North Tangipahoa Parish, Louisiana, Vegetable Growers

In the Northern part of the Tangipahoa Parish, two larger vegetable and berry producers

shared their views on agricultural policies. These producers represented a significant portion of the production in that area of the parish. Their most preferred policy option was *Insurance Programs*, followed by *Disaster Assistance Payments* and *Income Support Programs*. The most revealing comment made was regarding *Disaster Assistance Payments*, which was, "they want to get whatever Florida gets." This illustrates their perception that while Florida has been well compensated for losses due to hurricanes and that Louisiana farmers have not received the same consideration.

The least preferred categories of policies were *Trade Policy, Sustainable/Organic Farming Programs,* and *Rural Development Programs*. Again, there were no statements made as to why these were the least preferred types of programs. The only other comment made regarding the agricultural policy options was on *Research Programs,* which was fifth most preferred, in that they were supportive of the programs of the Cooperative Extension Service. The group did say that they had no current concerns about the availability of labor but they were concerned about the misconception that migrant labor is paid a low wage when, in fact, wages paid to migrant labor are quite high.

Results by Policy Option

While the overall consensus ranking results and individual listening session are important, a review of each policy option is particularly interesting. Even though most comments regarding programs have already been woven into the previous discussion, there is a need to examine how different sessions viewed the various policy options. The issues will be discussed in the order in which they were ranked by straight arithmetic averages as shown in Table 1.

Research Programs

While *Research Programs* ranked as most preferred when all consensus rankings were combined, the average ranking was 3.83, with individual meeting rankings ranging from 1 to 9, with the 9 ranking being the only ranking higher than 5. *Research Programs* include research in technology, pest prevention, value-added products, biofuels, and economic analysis. Only biofuels research was not specifically mentioned as having positive impacts for farmers. While there were several comments in support of *Research Programs,* the comment from the Lower Rio Grande Valley listening session that "research equals global competitiveness" implies that the farmers appreciate the connection between a good research program and competitiveness in the international market.

Disaster Assistance Payments

Disaster Assistance Payments were the second most preferred policy overall, with an average ranking of 4.25. As with *Research Programs*, the lowest ranking for this option was 1 while the highest was 9; however, two-thirds of the consensus rankings were over 3 or above while half the rankings for Research Programs were either 1 or 2. The main comments on this option came in the Louisiana sessions as they were still coping with the aftermath of Hurricane Katrina. While the Oklahoma session producers felt that Disaster Assistance Programs and Insurance Programs should be treated as a single unit, they were the only group to voice that view.

Small Farm Programs

The average consensus ranking for *Small Farm Programs* was 5.67, making it the third most preferred policy option. However, rankings ranged from most preferred to third least

preferred of the 12 policy options discussed. This option includes financial assistance, credit programs, and product marketing. Half of the sessions felt that *Small Farm Programs* should include incentives to young farmers just starting out in business.

Conservation Programs

Conservation Programs consist of programs such as the Conservation Reserve Program (CRP), Conservation Security Programs (CSP), and the Environmental Quality Incentive Program (EQIP), which provides various types of assistance to farmers and ranchers. This policy category was fourth most preferred overall, averaging a 5.83 consensus ranking. Further, all consensus rankings but one were clustered from 3 to 7, with the sixth being 12. The Texas listening session participants were more favorable toward *Conservation Programs* than participants in Oklahoma or Louisiana, who want to see greater funding available for the programs, particularly CSP. Participants in the Oklahoma session were not necessarily opposed to conservation or environmental programs; however, they had concerns about excessive restrictions being placed on farmers in an effort to ensure water quality and protect habitat.

Food Assistance and Nutrition Programs

The consensus average ranking for *Food Assistance and Nutrition Programs* was tied with *Conservation Programs* for fourth most preferred, with an average of 5.83. However, there was more variability, with consensus rankings ranging from 1 to 9, with four rankings grouped between 6 and 9 and two being most or second most preferred. Theses programs include school lunches, food stamps, and the Women, Infants and Children (WIC) programs. The two sessions which preferred these types of programs thought that these are virtually untapped markets for the fresh produce industry. The four sessions in which these programs were not as preferred

revealed no reasons for their lack of preference.

Insurance Programs

Insurance Programs had the third highest variability among the sessions, with rankings ranging from 1 to 11 and an average ranking of 6.42. As a result, *Insurance Programs*, including programs to mitigate price, yield, and revenue risks were the sixth most preferred type of programs. Those sessions in which *Insurance Programs* were ranked lowest included the Texas-Oklahoma Watermelon Association, which was just a few years removed from a watermelon insurance program that led to massive overproduction and low prices, and the Winter Garden, which ranked *Disaster Assistance* as most preferred but ranked insurance as third least preferred. Even those who were not as averse to these types of programs thought they should only protect against yield risk or that mediocrity in production would result. Still another session felt that *Insurance Programs* and *Disaster Assistance* should be treated as one.

Trade Policy

Trade Policy can be read as any program to help exports or policies that would prevent or limit imports. Some groups preferred this policy area and it received three consensus rankings between 2 and 4, while the other three sessions had these programs ranked between 8 and 12. As a result, the average ranking was 6.5, making it seventh on the list, and the second most variable policy category. Those groups which preferred this program area emphasized the policies which lead to the exclusion of import competition. Those who did not prefer *Trade Policy* were not concerned with trade and some even felt the competition and any dumping of product occurred between states as opposed to being from other countries.

Agriculture Biofuels/Renewable Energy

With the eighth most preferred average ranking (6.67), this policy category includes financial assistance, low cost investment capital, and mandatory purchase programs related to the use of biofuels and renewable energy. Only one session ranked these programs in the top three, so there was general agreement among sessions that *Agriculture Biofuels/Renewable Energy* was less preferred to most other policy options. Most session participants simply felt there was not much for them to gain from programs in this area. They did not believe their crops could be used for the production of such fuels nor were they interested in investing in technology.

Income Support Programs

Income Support Programs, including target prices, direct payments, marketing loans, and countercyclical payments, seemed to cause the most disagreement. If it were up to Oklahoma and Louisiana, this program area would be most preferred. Because most of the vegetable growers in the Oklahoma session already grew program crops and have experienced the rewards related to government payments. Louisiana preferred income support because producers desired some type of financial support and safety net. In the Texas sessions income support programs were not preferred because the risk inherent in fruit and vegetable production provides the greatest potential profits. There was also a belief that qualifying for any income support program, such as verifying yields, would be unduly onerous. As a result, *Income Support Programs* averaged a 7.0 ranking and ninth most preferred policy option.

Sustainable/Organic Farming Programs

Sustainable/Organic Farming Programs had an average ranking of 8.17, which was third least preferred. All of the sessions ranked this category between 7 and 11. *Sustainable/Organic*

Farming Programs include financial assistance, credit, marketing and labeling oriented programs. Some session attendees thought that sustainable and organic should not be presented as one policy option since their farming practices were sustainable although not organic. Only one participant, who attended the Lower Rio Grande Valley session, identified himself as organic, and he would prefer to have any federal programs be in the area of research and education as opposed to marketing or financial assistance.

Devolution of Farm Programs from the Federal Government of the State Governments

In most instances, the notion of *Devolution* drew skepticism, and some felt that having to move the discussion from the U.S. Congress to State Legislatures and Departments of Agriculture might not be in their best interest, especially since specialty crops are relatively minor crops in their area. The same participants recognized the recent success Specialty Crop block grants in the areas of pest and disease research. Still, this category averaged an 8.17 consensus ranking and tied with *Sustainable/Organic Farming* for third least preferred.

Rural Development Programs

Rural Development Programs include infrastructure, health, housing, and small business assistance programs delivered in rural area. This category of programs, with a 9.67 average consensus ranking, was clearly the least preferred category of policy alternatives. Some thought *Rural Development Programs* led to an increase in the price of land due to the establishment of new subdivisions while others would prefer not to spend funds on programs which they felt had no direct impact on their fruit or vegetable farming operations.

Implications for Farm Policy and Specialty Crops

The next farm bill will be written in a climate of budget cutting and concern about

litigation in the World Trade Organization. This will likely make negotiating specialty crop provisions more difficult than would otherwise be the case, and may add to the prospects of some political battles between traditional program crop producers and their organizations and specialty crop interests. These battles will likely carry over into U.S. Congress.

The consensus rankings of all specialty crop producers surveyed indicated that the preferred policy options were research, disaster assistance, small farm, conservation, and food and nutrition assistance programs regardless of a whether a straight or Olympic average were used. However, the individual group results were significantly different from these region-wide average results. Some options that were ranked at or toward the bottom of the list for the region were ranked higher by one or more of the individual grower groups. This result is consistent with similar exercises completed for other commodities and sheds light on the problems with developing a policy position for a national organization. It is very difficult for commodity groups (even those with exactly the same product) to develop a policy proposal that can be endorsed by a national group of growers. Further, agronomic conditions vary by state and even within states which creates different farm program needs.

As a result of the variability in program preferences and agronomic conditions, some might conclude that allowing states to manage any specialty crops assistance program might be appropriate. This way, state departments of agriculture can meet the needs of their local producers, probably better than a “one size fits all” type of federally administered program. However, it was clear that most groups in the southwest region had a relatively low preference for devolving programs to the states. Therefore, a better approach may be to develop a program for specialty crops on a federal level which is flexible enough to meet the different needs of the

various growing areas.

One way to achieve this goal may entail adding specialty crops oriented provisions to the various preferred titles such as Title III: Conservation, Title IV: Nutrition Programs, and Title VII: Research and Related Matters. However, specialty crops could get lost in the mix if this approach were to be taken. Another option would be to expand Subtitle G: Specialty Crops of Title X: Miscellaneous to better reflect the policy preferences of specialty crop producers. This would mean that the programs included in this expanded Subtitle G may need to interact with the above noted Titles which actually have the authorizing language for the types of programs preferred by specialty crop producers.

A third and probably more preferable approach would be to separate Subtitle G: Specialty Crops from Title X: Miscellaneous and give specialty crops their own title. This would provide specialty crops with greater visibility in the farm bill process and allow their producers and representative organizations the opportunity to negotiate for their programs on the same footing as the other titles currently possess. Again, there may need to be interaction with other affected titles, but that is likely more workable on a title-to-title basis versus a title-to-subtitle or a more scattered basis.

The widely differing views across the region emphasize the importance and difficult task of developing effective specialty crop program provisions in the next farm bill. This project component has attempted to summarize the views of six regional meetings, incorporating the perceptions of more than fifty key specialty crop producers and five associations. These opinions will provide valuable insight for the 2007 farm bill.

References

Agricultural Marketing Service, U.S. Department of Agriculture. *Fresh Fruit and Vegetable Shipments: By Commodities, States, and Months*. FVAS-4 Calendar Year 2005. http://www.ams.usda.gov/fv/mncs/shipsimm05.pdf

Cattaneo, Andrea, Daniel Hallerstein, Cynthia Nickerson, and Christina Myers. *Balancing the Multiple Objectives of Conservation Programs*. Economic Research Service, U.S. Department of Agriculture. Economic Research Report No. (ERR-19), May 2006. http://www.ers.usda.gov/publications/err19/

National Agricultural Statistical Service, U.S. Department of Agriculture. *2002 Census of Agriculture*. http://www.nass.usda.gov/Census_of_Agriculture/index.asp

National Agricultural Statistical Service, U.S. Department of Agriculture. *Quick Stats*. http://www.nass.usda.gov/Data_and_Statistics/Quick_Stats/index.asp