

**The 2001 National Agricultural, Food,  
and Public Policy Preference Survey:  
The South Dakota Perspective**

by

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## Abstract

Farmers and ranchers in 27 states were surveyed during the spring of 2001. The survey contains questions about farm income and risk management, conservation and environmental policies, trade, food labeling, the changing structure of agriculture, producer demographics, and a series of optional questions. In South Dakota, 1500 producers received surveys and 325 returned completed forms. This document compares the responses of South Dakota producers with those in the North Central region, and the nation.

## Table of Contents

Farm Income and Risk Management . . . . .	3
Conservation and Environmental Policy . . . . .	4
Food Labeling . . . . .	5
The Structure of Agriculture . . . . .	5
Producer Demographics . . . . .	7
Large Versus Small Producers . . . . .	9
Farm Income and Risk Management . . . . .	10
Conservation and Environmental Policy . . . . .	11
Trade Policy . . . . .	11
Food Labeling . . . . .	11
The Structure of Agriculture . . . . .	12
Producer Demographics . . . . .	13
South Dakota and the Nation . . . . .	16
Farm Income and Risk Management . . . . .	16
Conservation and Environmental Policy . . . . .	17
Trade Policy . . . . .	17
Food Policy . . . . .	18
The Structure of Agriculture . . . . .	18
Producer Demographics . . . . .	19
Optional Questions . . . . .	23
Survey Results and the 2002 Farm Bill: Are the Results Compatible? . . . . .	25
What Did Producers Want? . . . . .	27

Conclusion .....	27
Appendix A .....	29
Section A .....	30
Section B .....	33
Section C .....	34
Section D .....	34
Section E .....	35
Section G .....	38
Optional Questions .....	43
Appendix B .....	48

## Executive Summary

Federal government policies significantly affect the behavior of farmers in South Dakota, the North Central region, and the nation as a whole. In general, producers favor programs that provide income support and protect them from the full impact of free market adjustments.

Farmers and ranchers in 27 states were surveyed during the spring of 2001. The survey contains questions about farm income and risk management, conservation and environmental policies, trade, food labeling, the changing structure of agriculture, producer demographics, and a series of optional questions. In South Dakota, 1500 producers received surveys and 325 returned completed forms.

Most producers favor proposals that either continue commodity programs introduced in the 1996 farm bill or that would increase funding levels. Only about 20% of producers favor eliminating all direct support programs. They also support the continuation of support for “traditional” crops and expanding dairy compacts to the whole country.

Producers feel the government has an essential role in providing incentives to encourage the provision of environmental benefits. They also believe that the conservation reserve program should be continued at current or expanded levels.

The majority of producers feel that they benefit from international trade and that trade barriers should be eliminated. They also believe that labor issues, the environment, and food safety should be part of trade negotiations. Approximately half of producers believe that countries should be allowed to use trade restrictions to pursue domestic goals.

The vast majority of producers favor country of origin labeling and labeling to identify the presence of biotechnology in food products. They also think the government should improve the traceability of food products and ingredients.

Most producers would like to see federal farm and rural credit programs either continued at current levels or increased. They would also like to see programs targeted to beginning farmers and producers in low-income areas and for income support programs to be targeted to small farms. Producers also trust the government to collect and distribute market information and that the government should more effectively enforce antitrust laws or strengthen those laws. Producers are also quite concerned about the availability of a future agricultural workforce.

Most producers are 45 years of age or older, have at least a high school education, own most of the land they farm, are not members of an agricultural organization, and expect their current operation to be passed on to a family member when they retire. The majority of producers receive income from one or more government farm programs, use some type of risk management tools, and are the 3<sup>rd</sup> generation or less to run the current operation.

## **The 2001 National Agricultural, Food, and Public Policy Preference Survey: The South Dakota Perspective**

Federal government policies, particularly the Farm Bill, significantly affect the behavior of farmers and ranchers in the United States. But the reverse is also true. The conditions in the agricultural sector greatly influence the types and degree of intervention by the government in agriculture. This was especially evident as Congress was writing the 1996 Farm Bill. High commodity prices led to farm legislation that focused on export markets and put little emphasis on the “safety net” for agricultural producers. This led to years of ad hoc disaster payments to producers as prices reached near historic lows, at least in real terms, and a lack of response to market signals by producers. The opinions expressed in this survey are the results of this economic situation in the agricultural industry.

This research was conducted to ascertain the opinions of farmers and ranchers in the 27<sup>1</sup> states across the country that participated in the 2001 survey. The survey instrument employed is included in Appendix B. The survey contains questions regarding farm income and risk management, conservation and environmental policies, trade, food labeling, the changing structure of agriculture, demographics about producers, and a series of optional questions targeted to producers in each of the 27 participating states.

A random sample of producers in each of the 27 states were mailed the survey in the spring of 2001. In South Dakota, 325 of the 1,500 producers surveyed returned

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<sup>1</sup> States participating in the 2001 National Agricultural, Food, and Public Policy Preference Survey are Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Missouri, Mississippi, Nebraska, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, SOUTH DAKOTA, Tennessee, and Texas

completed forms. This is a 22% rate of return, slightly better than the 20% return rate on the national level.

The South Dakota respondents appear to be similar to the typical agricultural producer in South Dakota. The major difference that may be observed is the higher response rate from producers with over \$100,000 in sales versus those with sales below \$100,000. Although 70% of the producers in the state fall into the lower income category, only 51.5% of the survey responses come from this group. However, this type of response rate produces results consistent with current national production where a relatively small number of producers control the majority of acres and produce the majority of commodities in the U.S. **The problem that must be solved is where to target new agricultural policy initiatives, toward the largest number of producers or toward the producers who account for the majority of output.**

Since the 2002 Farm Bill has already been passed, the results of this survey are compared with the provisions that have been included in the final version of the bill. The results of the survey have also been broken down by geographic region. This allows for comparison of South Dakota results with national results and those of the North Central<sup>2</sup> area. In addition, results are summarized by size of operation. This allows for the comparison of the responses from large and small producers to determine if different groups really do have different wants and needs from federal agriculture programs.

Discussion of the results of this survey generally fall into the basic categories of farm income and risk management, conservation and environmental policy, trade policy, food policy, the structure of agriculture, demographic data, and the optional questions

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<sup>2</sup> States included in the North Central area are Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, North Dakota, Ohio, and SOUTH DAKOTA.

targeted specifically to South Dakota producers. Please refer to the survey instrument for the exact wording of the questions. At the end of this narrative there is a table in Appendix A that compares the responses of South Dakota producers with their counterparts in the North Central region and at the national level.

### **Farm Income and Risk Management** (Questions 1-6) (p.29-31)

\*All of the results reported in this section are composite. Differences between large and small producers will be discussed in the next section.

Nearly half (48%) of South Dakota producers think that direct support levels for agriculture should be increased up to the maximum levels allowed by our current international trading agreements (WTO). Approximately 33% think that funding should be continued at 2000-2001 levels and 19% believe that all direct support should be phased out over a five to ten-year time period. Along the same vein, 75% of producers believe that income supports should be continued for traditional program crops. Fifty-six percent believe that livestock and livestock products should also be covered. Just over a third (35%) think that the dairy support program should also be continued.

The vast majority of producers, 85%, believe that the government should provide income support for agriculture to protect producers from the full effect of market fluctuations. The preferred methods for receiving this support are, in rank order, support payments tied to price, fixed payments, subsidized insurance, support payments tied to income, and ad hoc disaster payments.

Over half, 55%, of producers think that the concept of dairy compacts should be allowed to expand to other areas of the country. Thirty percent think the Northeast Dairy



Compact should be eliminated, and 15% thought that only the Northeast Dairy Compact should be continued.

In the area of risk management, producers stated that the most preferred method for increasing risk management programs would be increasing coverage regions, protection levels, and premium subsidies for crop and revenue insurance. This preference was closely followed by the preference for providing insurance for livestock producers and establishing tax-deferred savings accounts. The least preferred option was incentive payments for using various risk management tools.

### **Conservation and Environmental Policy** (Questions 7,8) (p. 32)

At least 90% of producers believe that the federal government should provide financial incentives to encourage the protection of water quality, reduce soil erosion, and produce fuels from grains and biomass. Other priorities in this area are protection of farmland (83%), provision of wildlife habitat (72%), management of animal waste (70%), protection of open space (65%), carbon sequestration (59%), and providing habitat for endangered species (53%).

Forty percent of producers believe that the Conservation Reserve Program should be expanded, 29% favor remaining at current levels, 16% believe that the program should be targeted to high priority, sensitive lands, and 16% think the program should be ended as current contracts expire.

### **Trade Policy** (Questions 9-13) (p.33)

Most producers (75%) believe that they benefit from agricultural trade. Sixty-nine percent also think that we should pursue free trade policies in food and medicine. The majority (63%) also believe that labor laws, environmental impacts, and food safety

standards should be included in trade negotiations. Only fifty percent believe that trade should be restricted to pursue other social and public policy goals.

### **Food Labeling** (Questions 14-18) (p.33)

When questioned about food labeling, 99% support country of origin labeling. Eighty-seven percent also believe that foods containing biotechnology should be labeled as such **if there is scientific evidence** that the product is different from one not containing biotechnology. Just over half (54%) believe that all products containing biotechnology should be labeled even if there is no scientifically provable difference between products. Almost half (47%) want labels to explain the differences in production practices if biotechnology is employed. Finally, 74% think the government should do more to improve the traceability of food products to improve food safety.

### **The Structure of Agriculture** (Questions 19-28) (p.34-36)

The next ten questions generally deal with the structure of the agricultural sector and the type of policies that should be pursued by the government to target agricultural and rural development program benefits to the producers with the most need.

When asked about uses for additional rural development funding, producers ranked the choices as follows:

1. Improve access to capital for business expansion and development in rural areas.
2. Increase funding for business development and job creation in rural areas
3. Improve education and training programs for rural development
4. Increase federal funds for local government infrastructure and services
5. Increase rural access to the internet

Producers also believe that federal farm and rural credit programs should be continued at current levels (44%). Another 41% thought that funding for these current programs should be expanded while 15% thought they should be eliminated.

When asked about the possibility of targeting these credit programs, 22% of respondents thought that this approach should be adopted. They also believe that the priorities for the target audience should be low-income farms and rural areas (63%), beginning farmers (59%), new enterprises and diversification (32%), and socially disadvantaged groups (16%).

Eighty-five percent of respondents believe that farm income support programs should be targeted toward small farms. Producers ranked, in order, the following criterion for targeting: net farm income (34%), acreage farmed (33%), farm and non-farm household income (19%), and gross farm sales (14%).

Regarding the issue of concentration in agribusiness, producers feel that the appropriate ways to address the issue are: 1) Strengthen antitrust laws to reduce concentration in all agribusiness sectors (46%), 2) Enforce current antitrust laws and review possible market impacts before approving mergers or acquisitions (41%), and 3) Let the forces of the market guide industry consolidation by reducing government regulation (13%).

An even more pronounced confidence in government is expressed regarding the gathering of market information and price reporting. Seventy-five percent of respondents feel that the government should continue to collect and distribute market information, versus only 25% who thought that private firms should provide this service on a fee basis.

When asked about government policy toward commodity promotion and research check-off programs, 41% of producers feel that such programs should be subject to 5-year mandatory referendums, 30% think all check-off programs should be eliminated, 17% believe that the programs should become permanent upon a vote of producers, and 13% think such programs should be subject to referendum by petition or at the discretion of the Secretary of Agriculture.

Finally, producers were asked about how they would rank the importance of labor issues in agriculture. The issue ranked highest was workforce availability. This was followed by labor and human resource management, availability of seasonal labor, the use of independent contractors versus hiring employees, the community impacts of immigrant workers, the foreign guest worker program, and worker unions and collective bargaining.

#### **Producer Demographics (Questions 29-39) (p.37-41)**

Seventy-one percent of the principal operators responding to the survey were 45 years old or older. Only 14% were 34 years old or younger. As we examine the average gross revenue generated by the farm/ranch operation, the two different sizes will be looked at separately. The operations with gross sales less of than \$100,000 may be broken down as follows; 30% have sales less than \$10,000 annually, another 30% have sales between \$10,000 and \$49,999, the remaining 40% have sales between \$50,000 and \$99,999. The larger producers have a wider variation. Sixty-one percent have sales between \$100,000 and \$249,999. An additional 34% fall between \$250,000 and \$999,999. Only 5% have sales in excess of \$1 million annually.

For producers in South Dakota, nearly 45% of cash receipts are generated through sales of livestock or livestock products. Approximately 30% of income is from grain sales. Oilseeds add another 14%. Forages, dairy and dairy products, specialty crops, and other agricultural products generate the balance of cash receipts. Forty-eight percent of the respondents generated at least 76% of family income from the farm/ranch operation. Seventeen percent generated from 51-75% from the operation, 14% between 26 and 50%, 16% from 1 to 25%, and 5% produced no family income from the farm/ranch operation.

In the area of education 67% of respondents have either finished high school or had some college education. Eighteen percent have a college degree, and 4% have an advanced degree. Only 12% of respondents have less than a high school education.

When questioned about federal farm program participation in 2000, producers responded as follows; 65% participate in the commodity programs, 44% in risk management, 43% received disaster assistance payments, 24% participated in conservation programs, 8% in agricultural credit programs, and 21% in other federal farm programs.

The majority of farm/ranch operations in South Dakota, 89%, are 3<sup>rd</sup> generation or less. Only 11% have been in existence four generations or more. In addition, 42% of the operations own at least 76% of the land in the farm/ranch. Seventeen percent own none of the land they operate, and 42% own between 1 and 75% of the land. In most of these operations the children of the current operators are expected to continue the operation (55%). Twenty-six percent expect to transfer the farm/ranch to unrelated individuals outside the current operation, and the balance of the current operations will be operated

by another relative or run by an unrelated individual currently involved in the operation. Only 7% expect the operation to be converted to non-farm uses.

Very few current South Dakota producers are members of traditional agricultural organizations. Only 12% are Farm Bureau members, 16% belong to the National Farmers Union, 10% to a commodity or trade association, and 2% to the National Farmers Organization.

When asked about the risk management tools being employed on current operations, 52% of respondents used grain storage and insurance on production or revenue. Forty-seven percent had an off-farm source of income, 28% used some type of management education or information, 19% used some type of price risk hedging tools, diversification or savings account/financing methods, 16% used the Internet to collect information, and 5% employed input cost hedging techniques.

## **Large Versus Small Producers**

For this section of the analysis the responses of large and small producers in South Dakota will be compared with the composite answers reported in the previous section. Instead of repeating the process employed in the preceding section, in this section only the differences from those results will be reported, along with the magnitude of the difference. As in the prior section, please refer to Appendix 1 for the actual text of the survey questions. In South Dakota, approximately 70% of producers have sales less than \$100,000 annually. Fifty-two percent of the respondents to the survey are in the less than \$100,000 in annual category.

## **Farm Income and Risk Management (Questions 1-6)**

More large than small producers, 54% vs 45% think direct support levels should be increased. Both groups generally agree on keeping funding at 2000-2001 levels, but many more small producers believe that direct funding should be phased out over time, 23% vs 11%. Continuing along the subject of government support, more large than small, 80% vs 72%, prefer continuing support for traditional program crops. More small producers, 58% vs 50%, think that livestock and livestock products should be covered. Slightly more small producers favor continued support for dairy commodities, 36% vs 32%.

Both groups highly favor the protection of agriculture from the full effect of market fluctuations-- 89% large and 83% small. When examining the types of programs to include in the safety net, both groups ranked the alternatives the same, with ad hoc disaster payments being the least preferred approach and programs like marketing loans being the most popular option.

Both groups favored expanding dairy compacts-- 58% of small and 50% of large. Nearly equal amounts, 29% and 32%, favored eliminating compacts, and 14% of small and 19% of large producers favored maintaining the current compact system.

Opinions about risk management programs between the groups produced some disagreement. The most preferred option for both groups is increasing coverage areas and protection levels for crop and revenue insurance. Large producers were essentially indifferent between providing incentive payments, providing programs for livestock producers, and providing tax deferred savings accounts. Small producers preferred

providing coverage for livestock producers, followed by savings accounts, and incentive payments.

### **Conservation and Environmental Policy (Questions 7,8)**

Both groups agree on the top four priorities for environmental emphasis-- reducing soil erosion, protection of water quality, using crops and biomass to produce fuel, and protection of farmland. Rankings are generally the same or very similar for the other environmental priorities.

Priorities concerning the Conservation Reserve Program are generally the same except that more large producers prefer restricting the funding of, and enrollment in, the program, 19% vs 14%, to the small producers preference for eliminating the program, 16% vs 15%.

### **Trade Policy (Questions 9-13)**

The benefits of trade are evident to both large (79%) and small (74%) producers. Seventy-three percent of large producers favor pursuing free trade agreements versus 68% of small producers. Nearly the same percentage of both producer sizes, 66% and 63%, agree that the government should eliminate unilateral trade sanctions. More small producers (80%) than large (69%) believe that labor laws, environmental impacts and food safety standards should be included in trade negotiations. Finally, a small majority of small producers, 54%, believe that trade should be used as a policy tool versus only 41% of large producers.

### **Food Labeling (Questions 14-18)**

Ninety-nine percent of both groups think food should be labeled for country of origin. Fewer large producers favor identifying the inclusion of biotechnology on labels,



81% vs 90%, for foods with a scientifically determined difference. For foods with no proven scientific difference, only 34% of large producers favor labeling versus 62% of small producers. Small producers also favor labeling for production practices, 54% vs 31%, and think the government should improve product tracking, 80% vs 61%.

### **The Structure of Agriculture (Questions 19-28)**

Both large and small producers believe that the top two priorities for rural development programs are to improve access to capital for expansion and development and to increase funding for business development, although they do not rank them the same. Large producers rank access to capital 1<sup>st</sup>, while small producers prefer business development funds. Small producers rank education programs next, followed by infrastructure funding. Large producers reverse these rankings. Both groups agree that improved Internet access is the lowest priority.

Slightly more small producers, 46% vs 40%, want to continue current farm and rural credit programs. Both groups generally agree on increasing funding, 40% and 43%, and slightly more large producers, 18% vs 14%, are in favor of eliminating farm lending programs.

Neither group felt strongly about targeting programs toward selected populations, 22% and 21%. If the programs were targeted, large producers favor beginning farmers, 65%, low income farms and rural areas, 56%, new enterprises and diversification, 40%, and socially disadvantaged groups, 13%. For small farms, the percentages are 56, 67, 28, and 17, respectively. Ninety-one percent of small producers would prefer targeting farm income supports toward their group. Seventy-three percent of larger producers agree with them.

There was no consensus between the groups as to the criteria to determine what small is. Small producers ranked net farm income and acreage farmed highest, at 34% and 32%, respectively. Large producers reversed the two, at 36% and 33%. Gross sales and household income were both ranked approximately 10 percentage points lower.

Both groups favor increasing regulations on agribusiness to control market concentration, with the top choice being to strengthen anti-trust laws (large 49%, small 44%). The second choice for both was enforcement of current laws (40% and 42%). Only 12% and 14% favored allowing the market to work and “regulate” the process.

Small producers were more favorable toward government collection and distribution of market information, 78% vs 69%. Nearly a third, 32%, of large producers thought that private companies should perform this service.

Both groups ranked the important labor issues in agriculture exactly the same. Their opinions on check-off programs were also very similar. Both groups thought that the programs should be subject to mandatory 5-year referendums, although large producers favored this option 51% to 37%. More small producers than large, 33% vs 21%, were in favor of eliminating check-off programs. The two groups agreed on their opinions about the other two options.

### **Producer Demographics (Questions 29-39)**

In South Dakota, as in the rest of the country, there is a dearth of producers in the lower age categories. Only 15% of small producers are 34 or younger and 10% of large producers fall into this age category. The largest age group for small producers is the 65 and over group, with 30% of the producers. Twelve percent of large producers are in this

age category. Forty-nine percent of small producers are 55 and older. Only 19% of large producers are in this category. Most large producers, 61%, fall into the 35 to 54 category.

The gross sales for small producers is almost evenly split between the three income ranges with 30% each in the under \$10,000 and \$10,000 to \$49,000 categories. Forty percent are in the \$50,000 to \$99,999 range. The distribution for large producers is very different. Sixty-one fall into the \$100,000 to \$249,999 range. An additional 34% sell from \$250,000 to \$999,999 annually. Only 5% have sales of \$1,000,000 and over.

Almost half, 49.5%, of cash receipts on small operations is generated through sales of livestock and livestock products. Grains account for another 27.5% and oilseeds 12.3%. Large producers have a different distribution. Only 33.9% is livestock related. Thirty-four and a half percent is grain sales and 18.9% is oilseeds. No other category for either operation size contributes more than 5%.

The most common choice for share of family income generated by the farm/ranch operation was 76% to 100%. However, 78% of large producers fell into this category but only 35% of small producers did. Small producers were much more evenly distributed across the five different categories, with 6%, 22%, 17%, 19%, and 35%, respectively in each. Large producers had 12% in the 50-75 category and the other three were all below 10%.

There was very little difference in educational backgrounds between the two groups. The only real difference was that large producers were more likely to have a college degree, 37% vs 28%.

Both groups were very likely to participate in federal farm programs, but large producers were much more likely to be participants. Ninety percent of large producers

received benefits from commodity programs versus only 55% of small producers. Large producers were also more likely to receive benefits from conservation programs, 31 vs 22%, risk management, 63% vs 36%, and disaster assistance, 51% vs 40%.

When asked about land ownership, 50% of small producers owned at least 76% of the land they operate. Only 24% of large producers are in the same category. Large producers were fairly consistent over the five ranges in question, with percentages of 19, 14, 21, 22, and 24, respectively. Except for the spike in the last category, small producers lag in every other category, at 16%, 10%, 10% and 13%.

There was no clear favorite among producers when examining membership in agricultural organizations. Twenty-one percent of large producers are members of the National Farmers Union; small producers only had 14% membership in that organization. This was the organization with the highest membership for both groups.

Large producers are much more likely than small producers to employ risk management tools and to employ a wider variety of tools. The most popular tools for large producers are grain storage (78%), production or revenue insurance (67%), hedging tools (44%), diversification and education (both at 40%), and off farm income sources (38%). Large producers were also more likely to have at least some college education, 58% versus 40% for small producers. Small producers were most likely to have off farm income (51%), use income or production insurance (45%), store grain (40%), and collect information from the Internet (12%).

The most popular option for the future of the operation for both groups was for their children to continue the operation, 56% for small and 51% for large operations. The next most popular option for both groups was the transfer of the operation to someone

outside the current operation, 22% for small and 34% for large operations. No other option for either group garnered more than 9%.

Finally, when looking at how many generations the operation has been in the family, 36% of large operations were third generation compared to 28% of small operations. Thirty percent of small and 20% of large operations are first generation businesses. Thirty-two percent of small and 30% of large operations are second generation. Fifteen percent of both sizes have been in the family four or more generations.

## **South Dakota and the Nation**

We have examined the opinions of South Dakota producers and the differences that exist between large and small producers. The next question to be answered is how do South Dakota producers compare with producers in the North Central area and those in the rest of the country? For this section the composite results reported in section 1 will be compared with the composite results for the whole country and the North Central region.

### **Farm Income and Risk Management** (Questions 1-6) (p.29-31)

Producers in both the nation as a whole and the North Central (NC) area show less support than South Dakota (SD) producers for increasing direct support payments. The results are 48% for SD, 44% for the NC area, and 42% at the national level.

Fewer national producers favor continuing support for traditional crops, 69%, than those in SD, 75%, and in the NC area, 79%. National producers are also less supportive of protecting producers from fluctuations in the market-- 80% versus 85% (SD), and 84% (NC).

When questioned about what the farm safety net should be composed of, more national level producers agreed with SD producers stating that support payment tied to price was the preferred subsidy option. US producers also slightly preferred support payments tied to income over fixed payments, a reversal of the SD rankings. US producers also preferred subsidized insurance to ad hoc disaster payments, another reversal of SD preferences.

Opinions regarding the concept of dairy compacts were very similar for all three producer groups, with less than 5 percentage points difference on any of the three options available to choose from.

SD and NC agreed on increasing coverage regions and protection levels as being most important. US producers preferred the establishment of tax-free savings accounts. Rankings for the four available options fell between 2.82 and 2.15 on a four-point scale.

#### **Conservation and Environmental Policy** (Questions 7,8) (p.32)

The conservation priorities expressed by all three groups of producers coincide. There are some minor differences in the percentages of producers supporting each but the rankings are consistent and there is no more than a 3 percentage points difference in the support levels.

Slightly fewer producers at the national level, 33%, versus 40% in SD and 38% in the NC area, support expanding the Conservation Reserve Program. Opinions on the three other options are very similar.

#### **Trade Policy** (Questions 9-13) (p.33)

Seventy-five percent of producers in all three areas agree that trade is beneficial to agriculture. Free trade is slightly more popular with North Central and national

producers than those in South Dakota; the results are 80%, 74%, and 69%, respectively. Fewer national producers, 56%, versus 63% in SD and the NC area, support including labor laws, environmental issues, and food safety standards in trade negotiations. Only 43% of NC producers believe that trade should be used as a tool to further domestic and social policy goals. In South Dakota this number is 50% and at the national level it is 48%.

### **Food Policy** (Questions 14-18) (p.33)

Producers in all three areas support country of origin labeling at the 97% level or higher. They also favor labeling for biotechnology if there is scientific evidence of differences. However, even if there is no scientific proof, 61% of national level producers still favor labeling, compared to 53% of NC producers and 54% of SD producers. Fewer NC producers, 41%, favor labeling for production practices employing biotechnology than those in SD (47%), or nationally (49%). Supporters of improved traceability of food products are approximately the same for all three groups, ranging from 73% to 76%.

### **The Structure of Agriculture** (Questions 19-28) (p.34-36)

The three producer groups ranked the priorities for additional rural development funding the same, with improved capital access for business expansion at the top of the list and improved Internet access at the bottom. Producers also agree on policies regarding federal farm and rural credit programs and on whether to target these programs to specific groups. They also agreed that if the programs are focused they should target low income areas, beginning farmers, new enterprises and diversification, and, finally, socially disadvantaged groups.

Over 80% in each group favor focusing support programs on smaller producers. There is no consensus among producers as to how to classify operations for targeting funds, but they are consistent in their rankings of the criteria, with net farm income ranking first, followed by acreage farmed, household income, and gross farm sales.

Opinion about government policy toward concentration of agribusiness is the same for the three groups, although there are some minor differences in the percentages of producers supporting each method. All groups feel that some type of government intervention is essential. The same feeling exists regarding data collection and price reporting. More confidence is expressed in the government than the free market.

When asked about labor issues in agriculture producers in all three areas ranked workforce availability as most important and the influence of unions and collective bargaining as the most least important issue.

Finally, when asked about check-off programs, all producer groups ranked the choices the same, preferring mandatory 5-year referendums, and ranking as least preferred the option for referendums by petition or at the discretion of the Secretary of Agriculture.

### **Producer Demographics** (Questions 29-39) (p.37-41)

In South Dakota 71% of principal operators are 45 or older. In the North Central area this increases to 78% and nationwide the percentage is 81%. There are also fewer young producers nationwide. South Dakota has 14% under 35, while nationwide this number is only 4% and in the NC area the number is 6%.

The distribution of producers in the different gross sales categories is slightly different between South Dakota, the North Central area, and the nation. More small



producers in the U.S. generate less than \$10,000 in gross sales than in SD—36% to 30%. There are also more national producers in the \$50,000-99,999 range than South Dakota has, 39% to 30%. The percentage in the NC area is even higher, at 41%. This also translates into fewer producers in the higher income level, 32% in the NC and only 25% nationwide versus the 40% in South Dakota. Large producers in South Dakota and the North Central area were distributed across the four income categories in approximately the same proportions. There are some differences when looking at the national numbers. There are fewer producers in the lowest large operation sales category than there were nationally, 55% to 61% in SD and the NC. There are also more producers nationwide in the highest sales category, \$1 million or more, 8% to 4% in the NC and 5% in SD.

There are also some major differences in the sources of cash receipts. Forty-five percent of South Dakota cash receipts are generated through livestock and livestock product sales. This falls to 29.2% in the NC area and 41% nationwide. Grains account for 41% in the NC area and only 24.3% in the nation, compared to South Dakota's 30%. Oilseed sales are also much lower nationwide, accounting for only 6.6% of receipts, compared to 14% in SD and 12.9% in the NC area.

In examining the percentage of family income generated by the farm/ranch operation, there are some significant differences between South Dakota and the other two areas. Only 26% of producers nationwide earn at least 76% of their family income from the agricultural operation. This is much less than the 48% of producers in South Dakota and 32% in the NC area. Thirty-eight percent of producers nationwide earn 25% or less of their family income from the farm/ranch, compared to 16% in SD and 31% in the NC

area. The percentages in the other income categories are very similar for all three groups. Educational levels for all three groups are also very similar.

There are some very significant differences when we examine the benefits producers received and the type of programs they participate in. Commodity programs are very popular in SD (65%) and the NC area (61%). This falls to 40% when we look at the nation as a whole. Other major differences are in risk management (crop insurance), 44% in SD, 29% in NC, and only 20% nationwide. Similar results are observed in disaster assistance programs. Forty-three percent of SD producers participate, compared to only 26% in the NC and 30% nationwide. The final difference is in other programs where SD producers are more likely to participate, 21% vs 16% in NC and 13% nationwide.

The percentages for land ownership are similar between the three groups except for two categories. There are more producers in SD who own none of the land they operate, 17% vs 10% NC and 8% nationwide. The other difference is at the opposite end of the scale, where 42% of SD producers own at least 76% of the land they operate compared to 50% NC and 58% in the rest of the country.

Participation rates in agricultural organizations are much lower in South Dakota than in other parts of the country. In the NC area and the nation as a whole approximately 42% of producers are American Farm Bureau members, compared to 12% in South Dakota. The most popular organization in SD is the National Farmers Union with a 16% participation rate. This is much higher than other parts of the country, where a 5% rate is the norm. Participation in other organizations is similar among the three areas.

There are a number of differences between the three areas when risk management is addressed. The popularity of different risk management tools is quite different for producers, especially at the national level. In South Dakota 52% of producers use some type of production or revenue insurance. In the North Central area the percentage is 39%. However, when we go to the national level the number drops to 29%. We see the same type of results with grain storage. Fifty-two percent of South Dakota producers store grain. This compares with 49% in the North Central area and only 28% nationwide. Fewer SD producers have off-farm income sources than their counterparts in the NC area or nationwide, 47% vs 55% and 56%, respectively. The other difference is in the use of hedging tools. More producers in the North Central area, 24%, use hedging as a risk management tool than those in South Dakota, 19%, and nationwide, 15%.

As we look at the future of the current farming/ranching operations and how long they have been in existence, there is very little difference between the three areas regarding both questions. The two observable differences regarding the future of the operation are that more SD producers expect the operation to be transferred to individuals outside the current operation, 26% versus 24% in the NC area and 20% nationwide. Nationwide, more producers expect the operation to be converted to non-farm uses, 13% versus 7% in SD and 8% in the NC area. More operations nationwide are 1<sup>st</sup> generation, 36%, versus 27% in SD and 31% in the NC area. South Dakota has a higher percentage of 2<sup>nd</sup> generation operations, 32% vs 26% in the NC and 25% nationwide. Numbers in the other categories are approximately the same.

## Optional Questions (p. 42-46)

Each state that participated in the survey had the choice of adding optional questions to the survey to elicit information from producers that is of particular interest to the specific state. The questions chosen for South Dakota focused on agricultural policy and technology issues. The results of these questions will be reported in this section of the report.

Optional question 1 was used to elicit producer's opinions regarding the future direction of agricultural policy. This was an attempt to prioritize the issues dealing with commodity programs. These issues will be ranked and their scores on a ten-point scale are as follows: (1 is most important to 10 being least important)

1. Continuing disaster payments tied to low farm income levels (4.14)
2. Keeping the current combination of fixed payments and marketing loans (4.32)
3. Continuing crop insurance programs (4.41)
4. Continuing marketing loan programs (4.7)
5. Continuing disaster payments tied to crop losses (5.1)
6. Continuing a system of fixed payments (5.12)
7. Establishing a counter-cyclical payment system that is triggered by low farm income (5.37)
8. Re-coupling support payments to production controls through set-aside programs (6.35)
9. Providing support payments to production controls through set-aside programs (6.84)
10. Eliminating all commodity programs over a 5 to 10 year period (8.66)

Question 2 dealt with policies regarding the marketing loan program and loan rates. Fifty-two percent of producers thought that loan rates should be raised. Nearly equal numbers of producers favored keeping rates at current levels and eliminating the program, 16% and 15%, respectively. Five percent thought the rates should be lowered and 13% favored setting the rates at the producer's variable cost of production. Seventy

percent thought that loan rates should be realigned between commodities. Only 28% of producers were in favor of capping marketing loan gains and LDP's at \$150,000.

Producers were generally not in favor of supply control programs. Forty-five percent felt that the government should not try to manage grain inventories. Re-establishment of the Farmer Owned Reserve was favored by 29% of producers. Ten percent want to extend the marketing loan program beyond the current nine months and 16% would like the government to subsidize construction of farmer owned grain storage facilities.

When asked about government policy toward livestock insurance, producers favored government subsidized insurance to protect against income losses (39%), followed closely by protection against unavoidable production disasters (36%), and leaving insurance to private companies (25%). Only 33% of producer thought that extension programs should be targeted toward small producers. Seventy-eight percent favor re-defining a farm up to at least \$10,000 in sales to eliminate hobby farms from the definition.

The final two questions dealt with new technology. Sixty-seven percent of respondents felt that research and technology developed at public institutions should be made available at no cost to producers. Twenty-four percent thought these developments should be patentable and 9% want to reduce or eliminate research at public institutions. When asked to identify the technologies they use on their current operations, respondents did so as follows with the percentage employing the technology in parentheses:

1. Herbicide tolerant crops (50%)
2. Genetically modified seed (41%)
3. Livestock production stimulants (40%)
4. Plant growth stimulants/regulators (16%)
5. Insect growth regulators (13%)
6. E-commerce (11%)
7. Precision agriculture technologies (8%)
8. Seed increased through tissue culturing (4%)
9. Precision irrigation technologies (3%)

## **Survey Results and the 2002 Farm Bill: Are the Results Compatible?**

The Farm Security and Rural Investment Act of 2002 (FSRIA) was passed in early 2002, after the results of this survey became available to legislators. The question to be addressed here is how closely do the provisions of the new bill match the desires expressed by producers in the survey.

The main commodity provisions in the 2002 bill are loan rates, target prices, direct payments, and counter-cyclical payments. All of these provisions are recycled from previous bills and have had various degrees of success. Table 1 details the levels established for these programs. The figures in the table are national levels that will be adjusted for local conditions.

**Table 1. Loan Rates, Direct Payments, and Target Prices for Selected Commodities**

	Loan Rate	Loan Rate	Direct Payment	Target Price	Target Price
	2002-03	2004-07	2002-07	2002-03	2004-07
<b>Corn (bu)</b>	\$1.98	\$1.95	\$0.28	\$2.60	\$2.63
<b>Barley (bu)</b>	\$1.88	\$1.85	\$0.24	\$2.21	\$2.24
<b>Wheat (bu)</b>	\$2.80	\$2.75	\$0.52	\$3.86	\$3.92
<b>Soybeans (bu)</b>	\$5.00	\$5.00	\$0.44	\$5.80	\$5.80
<b>Minor Oilseeds (lb)</b>	\$0.96	\$0.93	\$0.0080	\$0.0980	\$0.1010

**Source: Farm Bill Conference Summary, Senate Agriculture Committee**

Loan rates are significantly higher than they were during the last six years, raising the safety net for producers. The direct payment, which is decoupled from both price and production levels, will be paid to producers regardless of market price levels, another large contribution to the raised safety net. The target prices essentially guarantee producers a minimum price for the commodities they produce. Counter-cyclical payments are applicable only in years of low commodity prices. In order to give producers the target price, the higher of the loan rate or the 12 month average price is added to the direct payment amount and this sum is subtracted from the target price. The difference is then the amount of the counter-cyclical payment that is available. In years of high prices, no counter-cyclical payment will be available. Counter-cyclical payments are decoupled from production levels but not from price; payments are made on 85% of base acres.

For the first time since the 1980's producers will also have the opportunity to update base acres and yields. Direct payments will be made on "old" yields and acreage

bases, unless producers decide to add oilseed base acres. Counter-cyclical payments will be made on updated base yields and acres.

The other main provision in the bill for crop producers is the Conservation Security Program. This is a three tier program where producers may earn from \$20,000 up to \$45,000 annually for performing a variety of different conservation practices. Rules for this program have not yet been written.

The main program for livestock producers in the bill is the Environmental Quality Incentives Program (EQIP) which can provide up to \$450,000 per producer to help finance facilities designed to reduce run-off from livestock facilities.

### **What Did Producers Want?**

In general, respondents to the survey preferred a continuation of the marketing loan program and some type of fixed payments rather than the ad hoc disaster payments that were common during the last few years. The main provisions of FSRIA focus on these preferred methods of producer subsidization. Producers also wanted access to more subsidized production and revenue insurance, which was not included in the new bill. Dairy compacts, supported by respondents, were left out of the bill.

The Conservation Security Program does appear to provide the incentives desired by producers to encourage efficient use of the scarce land resource. None of the producer desires for the inclusion of livestock producers in the bill were addressed.

### **Conclusion**

The periodic surveying of producers to determine their views on policy issues is a useful and important part of devising effective agricultural policy. This is especially true when the survey is performed just prior to the writing of a new farm bill. However, for



the process to work efficiently and effectively the information gathered must be used by lawmakers in their decision making process. It does not appear that this was entirely the case with the 2002 farm bill. Some producer desires were included in the 2002 bill, others were omitted. Future discussions should seek to more closely match industry needs with policy prescriptions designed to make agriculture an independent and healthy industry.

**2001 NATIONAL AGRICULTURAL, FOOD,  
AND PUBLIC POLICY PREFERENCE  
SURVEY**

On land operated by the farm, ranch, or individual(s) listed on the label:  
(Please respond to the following questions) YES NO

- a. Will crops be grown or forages cut at any time during 2001?
- b. Will grain or soybeans be stored at any time during 2001 or do you have storage facilities used for storing grain?
- c. Will fruits, vegetables, nuts, nursery crops, or other specialty crops be grown at any time during 2001?
- d. Are there now or will there be dairy, hogs, cattle, sheep, poultry, or other livestock on this operation during 2001?

If you checked NO to all of the above questions, please provide the name and address of the new operator and return this questionnaire in the enclosed envelope. If you checked YES to any of the above questions, please answer each of the following questions in the way that most closely expresses your opinion about the selected policy issues and alternatives.

**SECTION A - FARM INCOME AND RISK MANAGEMENT POLICY**

1. Including baseline and emergency spending, direct farm income support has varied from \$4 billion to more than \$20 billion in recent years. What should be the policy for baseline farm income support payments after the current Farm Bill expires at the end of the 2002 crop year? (Check one)
  - a. Increase funding for direct income support programs to maximum levels allowed by international trade agreements
  - b. Continue funding for direct income support programs at current levels (approximately \$12 billion for non-emergency spending)
  - c. Eliminate all direct income support payments over a 5 to 10 year period
2. If farm income supports are included in the next Farm Bill for commodities, which ones should be included? (Check all that apply)
  - a. Program crops currently eligible for benefits, including wheat, corn, sorghum, barley, oats, oilseeds, cotton, and rice
  - b. Crops currently covered by other farm programs, including sugar, peanuts, and tobacco
  - c. Dairy commodities
  - d. Fruits, vegetables, tree nuts, and pulses
  - e. Nursery and horticultural specialty crops
  - f. Other livestock and livestock products
3. In general, should the government fund programs that provide income support for agricultural producers and partially protect them from the full impact of market conditions. YES NO
4. If the answer to question 3 is YES, what should the safety net look like? (Please rank the following from 1=most to 5=least important, using each ranking only once)
  - a. Support payments tied to price (such as marketing loans)
  - b. Fixed payments (such as AMTA or PFC payments)
  - c. Support payments tied to income
  - d. Subsidized insurance
  - e. Ad hoc disaster assistance

5. Current law authorizes five states to price milk through the Northeast Dairy Compact. What should be the policy regarding interstate dairy compacts? (Check one)
  - a. Eliminate the Northeast Dairy Compact
  - b. Maintain the Northeast Dairy Compact for the five states presently included
  - c. Allow expansion of the Northeast Dairy Compact to additional states and the development of dairy compacts in other regions of the country
6. If funding for risk management programs was increased, which approach would be most preferred? (Please rank the following from 1=most to 4=least important, using each ranking only once)
  - a. Increase coverage regions, protection levels, and premium subsidies for crop and revenue insurance
  - b. Expand federal programs to include insurance for livestock producers
  - c. Establish tax-deferred savings accounts for farmers, providing for withdrawals in a low-income year or at retirement
  - d. Provide an incentive payment for using various risk management tools, including hedging, insurance, debt and equity financing, savings accounts, and education

**SECTION B - CONSERVATION AND ENVIRONMENTAL POLICY**

7. Should the federal government provide financial incentives to encourage the provision of the following environmental benefits? YES NO
 

a. Protection of open space	<input type="checkbox"/>	<input type="checkbox"/>
b. Protection of farmland	<input type="checkbox"/>	<input type="checkbox"/>
c. Protection of water quality	<input type="checkbox"/>	<input type="checkbox"/>
d. Provision of wildlife habitat	<input type="checkbox"/>	<input type="checkbox"/>
e. Management of animal waste	<input type="checkbox"/>	<input type="checkbox"/>
f. Reducing soil erosion	<input type="checkbox"/>	<input type="checkbox"/>
g. Increasing carbon in the soil	<input type="checkbox"/>	<input type="checkbox"/>
h. Producing fuels from crops and other biomass	<input type="checkbox"/>	<input type="checkbox"/>
i. Providing habitat for endangered species	<input type="checkbox"/>	<input type="checkbox"/>

8. What should be the policy towards the Conservation Reserve Program (CRP) after 2002? (Check one)
- a. Increase funding and enrollment levels
  - b. Maintain existing funding and enrollment levels
  - c. Restrict any future funding and enrollment to high-priority, environmentally-sensitive lands
  - d. Eliminate the CRP as current contracts expire

**SECTION C - TRADE POLICY**

9. Do U.S. farmers benefit from international trade  YES  NO
10. Should the U.S. pursue free-trade agreements to reduce and eliminate trade barriers  YES  NO
11. Should the government eliminate unilateral sanctions prohibiting trade in food and medicine with other countries  YES  NO
12. Should labor laws, environmental impacts, and food safety standards be included as part of international trade negotiations  YES  NO
13. Should countries be allowed to restrict trade to pursue domestic economic and social policy goals even if the policies affect international trade  YES  NO

**SECTION D - FOOD POLICY**

14. Labeling should be used to identify country of origin on food products  YES  NO
15. Food products made with biotechnology should be labeled if there IS a scientifically-determined difference in the product  YES  NO
16. Food products made with biotechnology should be labeled even if there IS NO scientifically-determined difference in the product  YES  NO
17. Food labels should explain production practices even if there IS NO scientifically-determined difference in the product  YES  NO
18. The federal government should increase efforts to improve traceability from consumer back to producer to improve food safety and tracking  YES  NO

**SECTION E - STRUCTURAL ISSUES**

19. If funding for rural development programs was increased, which of the following approaches would be most preferred? (Please rank the following from 1=most to 5=least important, using each ranking only once)
- a. Improve access to capital for business expansion and development in rural areas
  - b. Improve education and training programs for rural development
  - c. Increase rural access to the Internet
  - d. Increase federal funds for local government infrastructure and services
  - e. Increase funding for business development and job creation in rural areas
20. What should be the policy regarding federal farm and rural credit programs? (Check one)
- a. Continue present programs and funding levels
  - b. Increase funding of present programs
  - c. Eliminate funding for farm lending programs

21. Should farm and rural credit programs be targeted to select populations  YES  NO

22. If credit programs are targeted, who should be the targeted audience? (Check all that apply)
- a. Beginning farmers
  - b. New enterprises and diversification
  - c. Socially-disadvantaged groups
  - d. Low-income farms and rural areas

23. Should farm income support programs be modified to target benefits to small farms  YES  NO

24. If support programs are targeted, on what main criterion should farms be classified for targeting? (Check one)
- a. Acreage farmed
  - b. Gross farm sales
  - c. Net farm income
  - d. Farm and non-farm household income

25. What should be the policy of the government regarding concentration of agribusinesses? (Check one)

- a. Let market forces guide industry consolidation by reducing government antitrust regulation
- b. Enforce existing antitrust laws and review impacts on markets and competition before approving mergers or acquisitions
- c. Strengthen antitrust laws to reduce concentration in all agribusiness sectors

26. What should be the policy of the government regarding agricultural market information and reporting? (Check one)

- a. The government should continue to collect and distribute market information
- b. The government should eliminate market reporting operations, allowing private firms to produce and deliver information for a fee

27. What are the most important labor issues in agriculture. (Please rank the following from 1=most to 7=least important, using each ranking only once)

- a. Labor and human resource management
- b. Workforce availability
- c. Foreign guest worker program
- d. Availability of seasonal labor
- e. Community impacts of immigrant workers
- f. Independent contractors versus employees
- g. Worker unions and collective bargaining

28. What should be the government policy regarding commodity promotion and research checkoff programs. (Check one)

- a. Checkoff programs should become permanent upon a vote of producers
- b. Checkoff programs should be subject to mandatory referendums at 5-year intervals
- c. Checkoff programs should be subject to referendums by petition or at the Secretary of Agriculture's discretion at any time
- d. Checkoff programs should be eliminated

**SECTION F - OTHER ISSUES**

Optional and state-specific questions were included on this page.



**SECTION G - PERSONAL DATA**

29. What is the age of the principal operator of this farm or ranch? (Check one)

Under 25	25-34	35-44	45-54	55-64	65 and over
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

30. What is the approximate average annual gross sales from your farm in recent years, including government loan program benefits (commodity loans and LDPs)? (Check one)

a. Under \$10,000	<input type="checkbox"/>
b. \$10,000 - \$49,999	<input type="checkbox"/>
c. \$50,000 - \$99,999	<input type="checkbox"/>
d. \$100,000 - \$249,999	<input type="checkbox"/>
e. \$250,000 - \$499,999	<input type="checkbox"/>
f. \$500,000 - \$999,999	<input type="checkbox"/>
g. \$1,000,000 and over	<input type="checkbox"/>

31. 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. Wheat	<input type="text"/>
b. Rice	<input type="text"/>
c. Feed grains and other coarse grains	<input type="text"/>
d. Oilseeds	<input type="text"/>
e. Cotton	<input type="text"/>
f. Forages	<input type="text"/>
g. Dairy and dairy products	<input type="text"/>
h. Pork	<input type="text"/>
i. Beef	<input type="text"/>
j. Sheep	<input type="text"/>
k. Poultry and poultry products	<input type="text"/>
l. Fruits and tree nuts	<input type="text"/>
m. Vegetables	<input type="text"/>
n. Pulses (dry peas, dry beans, and lentils)	<input type="text"/>
o. Tobacco	<input type="text"/>
p. Sugar beets or sugar cane	<input type="text"/>
q. Peanuts	<input type="text"/>
r. Other agricultural products	<input type="text"/>

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

None	1 - 25%	26 - 50%	51 - 75%	76 - 100%
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

33. What was the last year of school completed by the principal operator of this farm or ranch? (Check one)

Grade School	Some High School	High School Diploma	Some College	College Bachelor's Degree	College Advanced Degree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. What federal farm programs did your farm receive benefits from or participate in during 2000? (Check all that apply)

a. Commodity programs (production flexibility contracts, marketing loans, etc.)	<input type="checkbox"/>
b. Conservation programs (CRP, EQIP, etc.)	<input type="checkbox"/>
c. Risk management programs (crop insurance)	<input type="checkbox"/>
d. Agricultural credit programs	<input type="checkbox"/>
e. Disaster assistance programs	<input type="checkbox"/>
f. Other federal farm programs	<input type="checkbox"/>

35. What percent of the land that you farm or ranch do you own? (Choose one)

None	1 - 25%	26 - 50%	51 - 75%	76 - 100%
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

36. What agricultural organizations were you a member of in 2000? (Check all that apply)

a. American Farm Bureau	<input type="checkbox"/>
b. National Farmers Organization	<input type="checkbox"/>
c. National Farmers Union	<input type="checkbox"/>
d. National Grange	<input type="checkbox"/>
e. Commodity and trade associations	<input type="checkbox"/>

37. Which, if any, of the following tools or strategies do you use to manage risk on your farm or ranch? (Check all that apply)

a. Output price risk hedging tools (futures, options, cash forward contracts)	<input type="checkbox"/>
b. Insurance policies on production or revenue	<input type="checkbox"/>
c. Input cost hedging	<input type="checkbox"/>
d. Grain storage	<input type="checkbox"/>
e. Enterprise diversification	<input type="checkbox"/>
f. Debt and equity financing or savings accounts	<input type="checkbox"/>
g. Information collection from the Internet	<input type="checkbox"/>
h. Management education and information	<input type="checkbox"/>
i. Off-farm income sources	<input type="checkbox"/>

38. When I retire, I expect the farm or ranch I operate to: (Check one)

a. Be operated by one or more of my children	<input type="checkbox"/>
b. Be operated by a relative who is not one of my children	<input type="checkbox"/>
c. Be operated by someone unrelated to my family but currently involved in the operation	<input type="checkbox"/>
d. Be transferred to individuals outside of the current operation	<input type="checkbox"/>
e. Be converted to a non-farm use	<input type="checkbox"/>

39. On this farm or ranch, which generation does the current operator represent (Including your family or your spouse's family)? (Check one)

1st	2nd	3rd	4th	5th	6th or more
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Thank you for your effort to complete this survey. Please return it in the enclosed envelope.**

**2001 NATIONAL AGRICULTURAL, FOOD, AND PUBLIC POLICY PREFERENCE SURVEY**  
**OPTIONAL QUESTION BANK**

**SECTION Z - OPTIONAL QUESTIONS**

1. Several proposals being considered for the next Farm Bill include a counter-cyclical system of payments to increase support when farm incomes fall. If implemented, how should counter-cyclical payments be determined? (Check one)
  - a. Based on the individual's gross farm receipts . . . .
  - b. Based on the individual's net farm income . . . . .
  - c. Based on the individual's gross receipts for specific crop or livestock enterprises . . . . .
  - d. Based on farm income estimates at the county or parish level . . . . .
  - e. Based on farm income estimates at the national level . . . . .
  
2. In the next Farm Bill, what should be the most important considerations regarding commodity programs? (Please rank the following from 1=most to 10=least important, using each ranking only once)
  - a. Keeping the current combination of fixed payments and marketing loans . . . . .
  - b. Continuing a system of fixed payments . . . . .
  - c. Continuing marketing loan programs . . . . .
  - d. Re-coupling support payments to production controls through set-aside programs . . . . .
  - e. Establishing a counter-cyclical payment system that is triggered by low farm income . . . . .
  - f. Continuing disaster payments tied only to crop losses . . . . .
  - g. Continuing disaster payments tied to low farm income levels . . . . .
  - h. Continuing crop insurance programs . . . . .
  - i. Providing program payments for environmental incentive programs . . . . .
  - j. Eliminating all commodity programs over a 5 to 10 year period . . . . .
  
3. In the next Farm Bill, should paid set-aside programs be used to idle acreage to manage commodity supplies? . . . . . YES NO
  
4. In the next Farm Bill, should planting flexibility be allowed to continue as implemented in the 1996 Farm Bill? . . . . . YES NO
  
5. What should be the government policy regarding the use of inventory supply-control tools after 2002? (Check one)
  - a. Re-establish a "Farmer-Owned Reserve" to provide long-term commodity loans and pay costs for storing grain . . . . .
  - b. Modify the marketing loan program to extend the length of non-recourse loans beyond the present nine months . . . . .
  - c. Subsidize the construction of farmer-owned grain storage facilities . . . . .
  - d. The government should not attempt to manage grain inventories . . . . .
  
6. What should be the policy regarding the marketing loan program and loan rates? (Check one)
  - a. Raise rates from current levels . . . . .
  - b. Keep rates at current levels . . . . .
  - c. Lower rates from current levels . . . . .
  - d. Set loan rates low enough to cover only operating or variable costs of production . . . . .
  - e. Eliminate marketing loan programs . . . . .
  
7. Should marketing loan rates be realigned between commodities? . . . . . YES NO
  
8. Should marketing loan rates be realigned between counties? . . . . . YES NO
  
9. Should marketing loan rate caps be removed? . . . . . YES NO
  
10. Should limits on marketing loan gains and loan deficiency payments be raised to \$150,000? . . . . . YES NO
  
11. What should be the policy regarding the dairy price support program? (Check one)
  - a. Maintain the dairy price support program at its current level . . . . .
  - b. The dairy price support level should be increased . . . . .
  - c. The dairy price support program should be eliminated . . . . .
  - d. Shift funding for dairy price support programs to direct payments . . . . .
  - e. Shift funding for dairy price support programs to a subsidized revenue insurance program . . . . .

12. In the next Farm Bill, what should be the most important considerations regarding tobacco programs? (Please rank the following from 1=most to 8=least important, using each ranking only once)
- a. Keeping the current supply control (quota) program in place
  - b. Buying out current quota owners gradually phase out the tobacco quota system
  - c. Establishing a marketing loan program for tobacco such as with cotton and grains
  - d. Stabilizing the amount of quota reduction from year to year
  - e. Restricting tobacco imports
  - f. Allowing transfers of quota across state lines
  - g. Allowing transfers of quota across county lines
  - h. Eliminating government tobacco programs
13. How will contract growing of tobacco impact the financial situation of your farm? (Check one)
- a. Contract growing will improve my farm profitability
  - b. Contract growing will not change my farm profitability
  - c. Contract growing will decrease my farm profitability
14. In the next Farm Bill, should minimum program standards for tobacco program participation be raised to those of commercial contracts  YES  NO
15. Should only those tobacco growers who grow low nitrosamine (TSNA) tobacco receive farm program benefits  YES  NO
16. Should the formula for determining tobacco quota (buying intentions, exports, loan stocks, reserve supply) be changed  YES  NO
17. In the next Farm Bill, what should be the most important considerations regarding peanut programs? (Please rank the following from 1=most to 9=least important, using each ranking only once)
- a. Keeping the current policies of quota peanuts and additional peanuts to manage supplies
  - b. Buying out existing quota holders to reduce the role of the quota program
  - c. Establishing a marketing loan program for peanuts such as with cotton and grains
  - d. Establishing a marketing loan program and system of fixed payments for peanuts
  - e. Allowing transfers of quota across state lines
  - f. Allowing transfers of quota across county lines
  - g. Establishing a Step-2 program for peanuts such as with cotton
  - h. Building a cost-of-production factor into the peanut price support program
  - i. Eliminating government peanut programs

18. What should be the government policy towards international trade and the peanut program? (Check one)
- a. Maintain tariffs on peanuts imported into the U.S. at current levels
  - b. Increase tariffs on peanuts imported into the U.S.
  - c. Eliminate all tariffs on peanuts imported into the U.S.
19. If peanut programs were changed to a combination of marketing loans and fixed payments, would payment limits be an issue to your farm? YES  NO
20. If the answer to question 19 is YES, at what level should payment limits be set? (Check one)
- |                          |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| No                       | \$40,000                 | \$75,000                 | \$150,000                | \$300,000                | No                       |
| Payments                 |                          |                          |                          |                          | Limits                   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
21. In the next Farm Bill, what should be the most important considerations regarding sugar programs? (Please rank the following from 1=most to 7=least important, using each ranking only once)
- a. Developing an inventory management program for sugar
  - b. Setting sugar loan rates in relation to domestic production and trade-weighted exchange rates
  - c. Using historical acreage information to establish eligibility for sugar programs
  - d. Limiting imports of all types of sugar
  - e. Targeting sugar loans to individual producers
  - f. Limiting the size of loans
  - g. Eliminating sugar programs
22. What should be the government policy regarding wool and mohair production? (Please rank the following from 1=most to 6=least important, using each ranking only once)
- a. Implement *ad hoc* disaster assistance when needed
  - b. Establish a marketing loan program for wool and mohair based on equivalent loan rates for cotton fiber
  - c. Establish a marketing loan program for wool and mohair based on international prices for wool and mohair
  - d. Fund predator control programs for producers
  - e. Establish import tariffs on wool and mohair to restrict imports
  - f. Fund sheep and mohair research centers



23. What should be the government policy towards crop yield and revenue insurance? (Check one)
- a. Continue the current premium subsidies and crop insurance programs
  - b. Eliminate the government-subsidized crop insurance program and offer direct payments to producers to offset part of the cost of buying unsubsidized private-sector crop insurance products
  - c. Eliminate the government-subsidized crop insurance program and allow private companies to offer unsubsidized crop insurance products
24. What should be the government policy towards livestock insurance? (Check one)
- a. Provide government-subsidized insurance to protect livestock producers from widespread unavoidable production disasters such as weather, mortality, and other losses
  - b. Provide government-subsidized insurance to protect against income losses from production disasters and/or low prices
  - c. Eliminate any government-subsidized insurance products and allow private companies to offer unsubsidized livestock insurance products
25. If you could design a government-subsidized crop and livestock insurance program, what would you choose? (Check one)
- a. Covering individual crop yield and livestock production losses under separate policies
  - b. Covering individual crop yield, livestock production, or crop and livestock revenue losses under separate policies
  - c. Cover whole farm income losses including all crop and livestock production and revenue losses together
  - d. Eliminate all government-subsidized crop insurance programs
26. What should be the government policy regarding *ad hoc* disaster assistance and crop and livestock insurance? (Check one)
- a. Maintain authority to provide *ad hoc* disaster assistance programs along with crop and livestock insurance programs
  - b. Provide *ad hoc* disaster assistance programs only and eliminate crop and livestock insurance programs
  - c. Eliminate authority to provide *ad hoc* disaster assistance and only authorize crop and livestock insurance programs
  - d. Prohibit any disaster assistance legislation in deference to crop insurance and other forms of risk management
27. Should tax credits be provided to encourage small farms and beginning farmers  YES  NO
28. Should more farm credit programs be targeted to small farms and beginning farmers  YES  NO

29. Should research, extension, and education programs of the land grant university system be targeted only to small farms  YES  NO
30. Should the census definition of a farm be increased to \$10,000 of sales in order to eliminate the inclusion of "hobby" farms  YES  NO
31. Should federal regulations be implemented to enforce total maximum daily load (TMDL) regulations on all streams and water bodies  YES  NO
32. Should environmental regulations on animal feeding operations be enacted at the national level instead of the state and local level  YES  NO
33. If programs are focused on open space and farmland preservation, what policy tool would be most preferred? (Please rank the following from 1=most to 6=least important, using each ranking only once)
- a. Government funding of programs that purchase development rights and establish conservation easements
  - b. Private funding of programs that purchase development rights and establish conservation easements
  - c. Establishment of government rules to allow developers to purchase development rights in certain areas in exchange for developing other areas (commonly called transfer of development rights)
  - d. Encouragement of voluntary conservation easements and conservation areas
  - e. Establishment of agricultural entrepreneurial programs to improve farm profitability and make farmland more competitive with non-farm land uses
  - f. No government policies should be enacted to preserve open space or farmland
34. Should Congress pass "fast-track" legislation, allowing the President to negotiate international trade agreements that are not subject to Congressional amendment before vote  YES  NO
35. What should be the government policy regarding estate taxes? (Check one)
- a. Maintain estate taxes at current rates and exemption levels
  - b. Raise general exemption levels to allow larger estates to avoid estate taxes
  - c. Raise exemption levels only for special classes of estates such as the current higher exclusion for family-owned businesses
  - d. Lower marginal estate tax rates
  - e. Eliminate estate tax provisions



36. What should be the government policy regarding capital gains taxes? (Check one)
- a. Maintain capital gains taxes at current rates .....
  - b. Lower capital gains tax rates .....
  - c. Index asset values to inflation to eliminate capital gains taxes on portion of increased asset values due only to inflation .....
  - d. Eliminate capital gains tax provisions .....
37. What should be the policy regarding the Social Security system? (Check one)
- a. Maintain the current system which requires the investment of all contributions in government bonds .....
  - b. Reform the system to allow the government to invest a portion of the contribution in the stock market .....
  - c. Reform the system to allow participants to invest a portion of their contributions in the stock market .....
  - d. Privatize the system and allow participants to make decisions about how much and where to invest their contributions .....
38. What should be the policy regarding public investment in research, extension, and education activities at public universities that results in new technology? (Check one)
- a. Basic research and technology developed at public institutions should be publically available at no cost .....
  - b. Basic research and technology developed at public institutions should be patentable and/or licensed to private firms to generate new revenues for research at public institutions .....
  - c. Public funding of research activities at public institutions should be reduced or eliminated, leaving private companies to conduct basic research and technology development .....
39. What should be the policy regarding public funding for research and extension activities in the land grant university system. (Check one)
- a. Maintain current mix of federal formula funds and competitive grants for research and extension . . . .
  - b. Increase federal formula funds for research and extension .....
  - c. Shift federal research and extension funding to competitive funding programs .....
  - d. Eliminate federal funding for research and extension programs .....

40. Did you draw on existing farm or personal equity to finance your farm or ranch in the past 3 years? .. YES NO
41. Have you refinanced any debt on your farm or ranch operation in the past 3 years? .. YES NO
42. Should farms or ranches with water supplies or water rights be allowed to rent out or sell their water for non-agricultural purposes ..... YES NO
43. Should producers be offered payments to not plant a crop this year in return for not using the energy necessary to produce the crop ..... YES NO
44. Should producers be offered payments or increased crop support prices in return for reducing nitrogen fertilizer use for the crop ..... YES NO
45. What technologies did you use in production during 2000? (Check all that apply)
- a. E-commerce (transactions on the Internet) .....
  - b. Herbicide-tolerant crops .....
  - c. Seed that was multiplied (increased) through tissue culture technology .....
  - d. Genetically-modified seed .....
  - e. Plant growth stimulants and regulators .....
  - f. Insect growth regulators .....
  - g. Precision agriculture technologies such as global positioning systems, variable rate applications, and GPS-linked yield monitors .....
  - h. Precision irrigation technologies such as laser leveling, drip irrigations and low-pressure sprinkler systems .....
  - i. Livestock production stimulants such as shots and implants .....

