

# MAKING CHANGES >

## Turning Local Visions into National Solutions

- > Agriculture and Rural  
Development Policy  
Recommendations  
from the Agriculture  
Policy Project

Henry A. Wallace Center  
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May 2001

Henry A. Wallace Center  
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at Winrock International

Arlington, Virginia

*Funded by the W.K. Kellogg Foundation*

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The Henry A. Wallace Center uses its expertise in research, policy analysis, and development to foster sustainable and equitable agricultural and food systems. To achieve this mission, the Center works to: measure the impacts of agricultural policy and offer policy recommendations; offer policy alternatives for sound natural resources management; understand the driving forces and the environmental and social impacts of an industrialized food system and its alternatives; and educate and empower participants in the food system, especially rural communities. In addition to a Policy Studies Report series, the Center publishes the quarterly, peer-reviewed *American Journal of Alternative Agriculture*, and monthly *Alternative Agriculture News*. Formerly the Henry A. Wallace Institute for Alternative Agriculture, established in 1983, the Wallace Center joined Winrock in January 2000. The Center, which is named after Henry A. Wallace, former U.S. Secretary of Agriculture and U.S. Vice President during the Franklin Roosevelt administration, is supported by donations and grants from foundations, corporations, and individuals; competitive research awards; and publication sales.

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The report is available in PDF format at the Wallace Center's Web page, <http://www.winrock.org/wallace>.

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ISBN 1-893182-23-1

## ACKNOWLEDGEMENTS >

The Agriculture Policy Project staff of the Henry A. Wallace Center for Agricultural & Environmental Policy at Winrock International is grateful to the W.K. Kellogg Foundation for its generous support over the last five years. Additional critical funding was provided by the Farm Foundation, the Turner Foundation, and the Southern Region and Northeast Region Sustainable Agriculture Research and Education programs of the U.S. Department of Agriculture, Cooperative State, Research, Education, and Extension Service.

We first extend our appreciation to the local coordinators in each local site who worked very hard to gather their groups, to plan their activities, and then to inspire their colleagues and us. We also want to thank the local, regional, and national participants, and the steering committee members of the regional and national sessions. Over 300 local, regional, and national participants attended the sessions and provided the basis for the development of these recommendations. All the coordinators and active participants in our local partner sites, and those who provided feedback on the draft recommendations, deserve recognition for their commitment to their communities and to policy change in the food and agriculture system.

We recognize the forward thinking of Garth Youngberg, executive director of the Wallace Institute (1983–1999), Katherine (Kitty) Smith, director of the Institute’s Policy Studies Program (1993–1996), and Neill Schaller, associate director of the Wallace Institute (1990–1998), who first conceived the project.

The visioning sessions succeeded through the skilled facilitation of Dave Nelson, Helene Murray, Gregg Walker, Jim Dyer, Barbara Rusmore, Larry Lev, Tom Ruehr, Dian Svendsen, Corrine Gobeli, George Morren, and Vern Cardwell. We thank Kathleen Wilson for her assistance with the development of the visioning process. In addition, we want to thank Barbara, Dave, Gregg, and Larry for their suggestions and improvements to the visioning process as the project progressed.

Our advisory council, including Keith Jones, Mark Lipson, Pam Mavrolas, Bill Northey, Thomas Payne, Ronald Powers, Ann Robinson, Barbara Rusmore, Steve Stevenson, Marty Strange, Hollis Watkins, and Kent Yeager, deserves special thanks for guiding and advising us over the last five years. We gratefully acknowledge their support above and beyond our expectations.

Charlie Abdalla provided invaluable advice in helping us develop the process that we used to assemble our team of policy advisors and to work with them to craft the policy recommendations. Steve Commins added a great deal to our thinking about the local/national linkages.

At the Wallace Center, we received support, advice, and assistance over the years from many colleagues, including Garth Youngberg, Rick Welsh, Dave Ervin, Suzanne DeMuth, and Joanna Hildebrand. We also enjoyed the enthusiasm and hard work of four young women who interned with us at different times, including Cory Carman, Shelly Grow, Elizabeth Kuhn, and BethAnne Sobieszczeck.

We thank Kevin Kirchner of MacWilliams Cosgrove Smith Robinson; Lani Sinclair; and Hickman & Associates for assisting us so well in our public relations and outreach work. We also thank David Chavis, Theresa Singleton, and Kara Chessman of the Association for the Study and Development of Community for carrying out the project evaluation, and JoAnne Berkenkamp for her help.

Finally, we want to thank Suzanne DeMuth for assisting with editing this report, and Sonya Cohen Cramer for layout and graphic design.

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The policy advisory team consisted of experts from nonprofit organizations, academia, the federal government, and private industry. They were convened in spring 2000 to examine the output of all the policy sessions—the starting point for the development of a set of national-level policy recommendations.

They worked in small teams to put together the first draft of recommendations, and came together again in December 2000 to review the feedback to the draft given by participants. The feedback was incorporated into the draft recommendations that were discussed in detail at a February 2001 meeting of representatives from all the sessions. The final recommendations were then prepared for this report.

We are grateful to all the advisors for the care they took in responding to the ideas and needs of the participants, and for their willingness to work together through the drafting process.

## FOREWORD >

Crafting agricultural policy is an activity too often practiced only by professionals. The premise of the Wallace Center's Agriculture Policy Project is that the problems that concern people engaged in agriculture should be the driving force behind the development of policy. While many policy efforts strive for this, local citizens and groups are often asked to address national policy issues regardless of whether the policy change will benefit them.

Another problem with many policy development efforts is that all too often the visions that are to be the basis for policy recommendations are lost in the process of constructing and refining those recommendations. The Agriculture Policy Project policy advisory team did a wonderful job of creating recommendations that brought forward the concerns of the local participants, and of listening to their feedback.

These recommendations are the result of an inclusive process. Over 350 people took part in their development. The final draft was refined at a national policy meeting, which I attended, in which people with various local and regional experiences were brought together to address and provide input on the recommendations. They represented many local conditions, but did not vote for one policy over another. Instead, they were there to "ground-truth" the policy recommendations. Without this type of effort, policy can become so abstract that the original local concern that motivated the policy change is lost.

These recommendations are valuable, and merit your full attention. Furthermore, as you read them, you will gain an even greater appreciation for the process that helped create them.

The Agriculture Policy Project showed that agricultural policy can be driven directly by the needs of rural people. I feel fortunate to have been involved in this effort, and have no doubt as to the importance of the project to rural areas and to those engaged in the food and agriculture system.



Bill Northey  
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# Making Changes: *Turning Local Visions into National Solutions*



The Agriculture Policy Project of the Henry A. Wallace Center for Agricultural & Environmental Policy at Winrock International is a five-year project initiated in 1997 to engage people at the local, regional, and national levels in the development of long-term, proactive policies for food and agriculture systems. The project is unique in that it has employed a participatory process to work with a diverse group of 350 people in 12 local and 3 multi-state, regional policy visioning sessions,<sup>1</sup> and 1 national session, and to develop national-level policy based on the results of those sessions.

Working in small groups, participants at each session addressed key issues of concern in their local or regional areas. The groups took up a broad range of issues—including environmental problems, land-use, contracts, and agricultural and economic development. The participants identified the critical policy problems and barriers for each issue, based on their own experiences, and to the best of their abilities, described improved policies to address these problems.<sup>2</sup>

In 2000, the project staff convened a group of 9 policy advisors to examine the output of the 16 policy sessions and to develop a set of national-level food and agricultural policy recommendations that directly responded to the critical concerns and policy change ideas of the local, regional, and national participants. All of the participants were invited to respond to the draft recommendations and over 100 comments were received on individual recommendations. The policy advisors then reviewed these comments and incorporated the recommendations into a revised draft.

In early 2001, a national meeting of participants was held in the Washington, DC, area to solicit final feedback on the draft recommendations. Several attendees from each session and the policy advisory team met to discuss the draft recommendations, and to network and share stories of local activities.

This report presents the final 95 policy recommendations in 9 issue areas. Because the project staff used a process that encouraged the inclusion of ideas from many individuals and organizations, individual recommendations do not necessarily represent the views of the Wallace Center staff.

## **Issue area 1: Federal agricultural policy explicitly supporting small and diversified farms >**

One cross-cutting theme expressed by participants at many of the visioning sessions was that current federal agricultural policy is biased towards large, specialized farms, and that small and diversified farms need additional support. One response to this is to develop a new Small Farm Title for the 2002 Farm Bill that increases federal support for small-scale and diversified farms. This title would provide a prominent place in federal farm legislation for issues of small and diversified farms, and would focus resources on programs for research, technical assistance, credit, and other funding across USDA programs, in order to assist small and diversified farms and businesses that support small farms. This title would also provide the legislative authority and authorize appropriations for the USDA Office of Small Farms.

<sup>1</sup> The local sites include: Deaf Smith County, Texas; Madison, Henderson, and Buncombe Counties, North Carolina; Grand Traverse Bay Area, Michigan; Southcoastal Massachusetts; Ada and Canyon Counties, Idaho; Routt County, Colorado; Knox County, Nebraska; Parke and Montgomery Counties, Indiana; Sonoma County, California; Riverside County, California; Vermilion Parish, Louisiana; and Milwaukee, Wisconsin. The regional sites include: Chesapeake Bay (Delaware, Maryland, Pennsylvania, and Virginia); Southwest (Arizona, Colorado, New Mexico, and Utah); and Corn Belt (Illinois, Indiana, Iowa, Minnesota, and Nebraska).

<sup>2</sup> One result of this method is that some traditionally dominant federal agricultural policy issues, such as commodity program payments, loan payments, crop insurance, and disaster payments, did not emerge as the critical policy issues in any of the policy visioning sessions.

## Issue area 2: Market access in the face of consolidation and vertical integration >



Structural changes, particularly in the processing sector, and the associated issue of market access are causing problems for many producers. Concerns identified by project participants included the weak enforcement of antitrust laws; excess consolidation of the input and processing sectors; privatization of price and contract information; and the need for increased capacity for producers to negotiate with handlers—particularly producers who engage in contract production. The two policy areas are:

### Corporate control and concentration in the agricultural sector

Most of the policy recommendations in this area focus on (1) strengthening the USDA Grain Inspection, Packers and Stockyards Administration's (GIPSA) ability to enforce the Packers and Stockyards Act (P&SA); and (2) encouraging the Department of Justice (DOJ) to pay more attention to agriculture sector mergers and to broaden its focus on the impact of mergers to include producers.

### Agricultural contract markets

Attention should be paid to federal policies that address the inequality in bargaining power for contracts between producers and processors. One policy recommendation is to strengthen the Agricultural Fair Practices Act (AFPA) to prohibit confidentiality clauses and to require processors to bargain in good faith with producer groups. Another recommendation is to facilitate access to information about contract terms, both through research and data collection, and to examine their consequences, in order to better educate and inform producers about contract agriculture.

## Issue area 3: Alternative marketing channels >



Farmers are increasingly using direct marketing strategies, including cooperative development, to maintain and increase farm income. Many of them face significant barriers to developing alternative marketing channels. Farmers and others need policies to facilitate the development of marketing channels for cooperatives, value-added activities, direct marketing, and farmers' markets. In addition, some of the project participants were concerned that a significant barrier to increasing direct marketing and value-added agriculture activities is the ability of small-scale farmers and food processors to comply with food safety, labor, and environmental regulations at the federal, state, and local levels. Policy recommendations are divided into three categories:

### Promotion of cooperatives and other organized, value-added marketing strategies

The policy recommendations in this section generally seek to broaden the use and authority of existing programs, such as the Rural Empowerment Zone/Enterprise Community (EZ/EC) Program, to support the development of marketing and processing cooperatives and other businesses to benefit small-scale farmers. Another provision is for additional information and technical assistance to be provided by the USDA, including the development of the Small Farm Entrepreneurial Development Initiative that was first described in the 1998 report, *A Time to Act*, from the National Commission on Small Farms (NCSF). The initiative would provide small farm operators and beginning farmers with targeted entrepreneurial training, integrated technical and legal assistance, and priority program funding to develop farmer-owned and -operated cooperatives and other businesses dedicated to value-added processing and marketing enterprises to serve local and regional community food systems.

### Market development strategies for farmers' markets and direct marketing

The primary recommendation in this area is to reauthorize and strengthen the Farmer-to-Consumer Direct Marketing Act of 1976. The revised Act would (1) provide technical and financial assistance to urban and suburban agricultural fairs that link farmers with consumers; (2) facilitate the study of the use of the term "farmers' market," develop programs for farmers' market managers; (3) and train Cooperative Extension Services staff at land-grant universities in direct marketing techniques so they can better work with farmers in their states.

### **The effect of increased regulation on small-scale producers, processors, and/or direct marketers**

In order to minimize the regulatory barriers to small-scale processors and direct marketers of agricultural products, while maintaining an acceptable level of food safety, environmental, and labor protections, project participants recommend the adoption of policies to: (1) study the effect of existing laws and regulations on small-scale processors and marketers; (2) evaluate the expected impact of new federal regulations prior to adoption to allow for public comment; (3) increase food processing research and development programs to find technologies that are appropriate for small-farm operators and processors; and (4) provide food safety training and publications aimed at farmers and farmers' markets.

### **Issue area 4: Research and cooperative extension >**



Project participants agreed that research and cooperative extension programs should remain an important USDA activity. However, they felt that these programs need a new focus if they are to continue to meet a public purpose.

#### **Research and education on new market opportunities**

Policy recommendations in this area include: (1) strengthening existing programs, such as the Federal-State Marketing Improvement Program (FSMIP), the Fund for Rural America, and the Rural Cooperative Development Grant (RCDG) Program, through increased appropriations and focus on marketing development efforts; and (2) developing a new Agricultural Community Revitalization and Enterprise (ACRE) Program to provide grants for a wide variety of projects and activities, including research, education, training, and market research and development, which focus on stimulating and expanding economic opportunity and revitalizing the economies of agricultural communities through self-employment, high-value agriculture, new markets, value-retaining enterprises, local and regional food identity, and production geared to consumer preferences for social and environmental benefits.

#### **Stakeholder input**

The inability of stakeholders to have a voice in land-grant university research agendas was of concern to several visioning session groups. Recommendations in this section focus on amendments to the mandatory stakeholder regulation, which establish clear and succinct national minimum standards for stakeholder participation in decision-making about land-grant university formula funds. The amendments should: (1) include the creation of a fair and open process; (2) ensure balanced and diverse participation of stakeholders; (3) provide for complete transparency in the process; (4) provide a system of accountability to participants in the stakeholder processes; and (5) develop a comprehensive approach in which input is solicited for all aspects of the institution's activities related to formula funds.

#### **Multi-disciplinary research**

There was great concern in several groups that applied, multi-disciplinary research was neglected by university and USDA researchers at the expense of disciplinary, basic research. Participants believed it was necessary to institute policies that would encourage researchers to engage in applied research, and to reward them for their efforts. These recommendations include: (1) earmarking a portion of formula funds for multi-disciplinary applied research; (2) implementing training for USDA employees to improve the transfer of research results to client groups (particularly small farmers, minority and limited-resource farmers, beginning farmers, and other non-traditional farmers); and (3) ensuring flexibility in housing multi-disciplinary centers within universities such that they are located in the most supportive environments.

### **Issue area 5: Economic and rural development >**

A number of visioning sessions brought up the need for comprehensive economic development in rural communities that maintains or strengthens the agricultural base. Issues discussed at these



sessions included the need for programs to increase both on-farm and off-farm job creation, improve community quality-of-life, and address credit and technical assistance needs.

### **Federal assistance to promote agriculture as part of rural development programs and policies**

Project participants saw the need for policies that would strengthen the rural development infrastructure in the United States, particularly as it relates to agriculture, and would create more high-quality jobs that take advantage of the agricultural base. In particular, policy changes are needed to: (1) include small farmers and others in rural development strategic planning processes; (2) enhance the capacity of the USDA's Cooperative State Research, Extension, and Education Service (CSREES) to engage in agricultural development; and (3) conduct research on the impact and improvement of existing rural development programs.

### **Small agricultural businesses and lending programs**

Access to credit and capital in rural areas, particularly for small farms and agricultural businesses, was of concern to many visioning session participants. Policy recommendations were developed that would: (1) provide adequate support to service small loans and target loans to small farms and businesses; (2) provide improved coordination of and access to information about grant and credit programs; and (3) develop more grant and investment vehicles for small agricultural businesses in rural communities.

### **The role of the SBA and SBDC in stimulating agricultural enterprises**

A lack of coordination between the USDA and the Small Business Administration (SBA) hinders the ability of the SBA and its associated Small Business Development Centers (SBDCs) to assist farmers and agricultural business needing the SBA's expertise (e.g., experienced farmers looking for new market opportunities, beginning farmers interested in a variety of business training opportunities, and agricultural cooperatives seeking formation and venture capital assistance). Project participants favor the adoption of policies that would: (1) target more SBA outreach to farmers and farm families; and (2) enhance integration of USDA and SBA programs to assist farmers and agricultural businesses.

### **Conflict resolution in rural communities**

Mediation programs are conducted in a confidential and non-adversarial setting outside the traditional process of litigation and appeals. Agricultural mediation can often help parties reach consensus after one or two meetings, thus settling disputes and resolving cases at significantly lower cost, and in a more timely fashion, than might be achieved by court action or formal appeal to the USDA's National Appeals Division. Not all states have funding to participate in USDA mediation, and mediation is currently limited to credit, conservation, and environmental requirements (e.g., wetland delineation decisions). Project participants would favor an increase in USDA funding to allow more states to enter mediation programs and to broaden the issues covered by mediation.

## **Issue area 6: Special populations of farmers and farmers in pockets of poverty >**



Several populations of farmers and rural citizens have fallen behind as the U.S. agricultural sector and the national economy undergo dramatic changes. There is concern about USDA's current capacity to assist special populations of farmers and farmers located in areas identified by social and demographic experts as "pockets of poverty." Underserved special populations include African-American, Hispanic, American Indian, and women farmers. Those "pockets of poverty" that have received some level of attention in the past, but still require special efforts, include Appalachia, the Delta region, tribal land and reservation areas, and many rural areas. Policy recommendations include: (1) forming a special White House Commission on Rural Poverty to address the causes and effects of "pockets of poverty"; (2) strengthening the USDA Office of Outreach by authorizing it in legislation and including appropriations and a structure within USDA to adequately support it; and (3) meeting the USDA's obligations to farmers who have been discriminated against, including payment of claims tied to the Pigford class action lawsuit.

## Issue area 7: Young, beginning, and retiring farmers and ranchers >



The aging of the farm population and barriers to new entrants into farming are two topics that have been much discussed in the policy arena, but with little forthcoming in the way of strategic planning and action. Participants from five local visioning sessions identified barriers to new farm entry as a critical issue. These barriers include: (1) insufficient farm exit and farm entry strategies; (2) inability to acquire initial capital investment and credit; (3) a policy bias favoring current over future landowners; (4) high rental rates and land prices due to heightened competition from established farmers or developers; (5) difficulty in identifying viable farm entry opportunities; (6) lack of community support; and (7) inadequate financial, managerial, production, and marketing assistance.

### Credit for new farmers and ranchers

Although credit is one area where the USDA currently has programs explicitly targeted to beginning farmers and ranchers, several of these programs need refinement to make them more useful, including increased flexibility or expanded time frames. Programs that need modification include the Down Payment Farm Ownership Loan Program; aggie bond programs; Inventory Land Sale Program; Direct Federal Ownership (DFO) real estate loans; and Interest Assisted Guaranteed Loan Program. In addition, some programs, such as “preferred lender” status for banks, borrower training programs, and loan assessment and market placement provisions, need to be evaluated to ensure that they are adequately meeting the needs of beginning farmers and ranchers.

### Strengthening other beginning farmer and rancher programs

Aside from credit programs, the USDA has no programs targeted to beginning farmers. This is particularly true for technical assistance. Policy recommendations include: (1) developing education and outreach programs to assist beginning farmers; (2) conducting research specifically to assist beginning farmers; and (3) improving assistance to retiring farmers and ranchers in regard to transferring their farms to beginning farmers and ranchers, and starting farm transfer planning early in a beginning farmer’s career.

## Issue area 8: Farmland preservation and sprawl management >



Comprehensive, long-term land use planning is necessary to enhance farmland protection and minimize the negative impacts of urban sprawl. Issues regarding farmland preservation and sprawl management were taken up at a majority of the visioning sessions. Several participants stated that although their communities are very supportive of agriculture and are instituting farmland protection strategies, local, state, and national efforts are not adequate to address the growing loss of agricultural lands to non-agricultural uses.

### Strengthening and broadening USDA’s Farmland Protection Program

The only USDA program that provides federal funding for farmland protection is the Farmland Protection Program (FPP), administered by the Natural Resources Conservation Service (NRCS). Although the program has been successful where it has been implemented, project participants would like to see policies that increase the capacity of the federal government to assist states and local communities with farmland protection. They recommend: (1) increasing the funding for and strengthening the FPP; (2) implementing a partnership between the USDA and Environmental Protection Agency (EPA) to address sprawl management and farmland protection; and (3) allocating competitive grant funds to research on farmland conversion.

### Supporting the National Spatial Data Infrastructure

One barrier to making informed policy about farmland protection is the lack of and difficulty in accessing detailed data available on the types and impact of farmland conversions. Participants recommend speeding up implementation of the National Spatial Data Infrastructure (NSDI) project to improve the use of geographic information systems (GIS). They also support policies to conduct more research on improving the definition of and quantifying the development threat to farmland.

### **Linking farmland protection programs, natural resource conservation, and agricultural economic development**

One critical issue identified by participants is the need to maintain farming as an economically and environmentally viable option in order to preserve farmland. They recommend implementing policies that would encourage states and local communities to foster strong linkages among farmland protection, natural resource, and agricultural economic development programs in areas where farmland is threatened. This could be done by giving states or local areas with integrated programs priority for federal FPP funding.

### **Issue area 9: Water and air quality >**



Water quality, atmospheric deposition of nutrients, and air quality (predominantly air particulate matter) as they relate to agriculture were issues brought up in a number of visioning sessions. In addition, the lack of policy coordination for water and air issues was a cross-cutting concern among most of the sessions that addressed water and air quality. The three policy recommendation areas are:

#### **Comprehensive nutrient management planning**

Nutrient management for water quality is an issue that is being discussed in many policy venues. Project participants felt that there are areas where current policies could be strengthened. Recommendations include: (1) developing farm and watershed management plans for nutrients; (2) developing nutrient standards to address issues beyond confined animal feeding operations (CAFOs); and (3) including nutrients, such as phosphorus, and ammonia deposition in plans and management standards. In addition, recommendations also include programs to encourage alternative production practices and alternative uses of production by-products to reduce nutrient loadings. New and innovative programs, such as a Yield Reserve Program, which would encourage farmers to apply fertilizers at below agronomically recommended rates in sensitive areas in return for a form of crop insurance, and a Nutrient Reduction Trading Program, are also recommended.

#### **Air quality**

Although some public interest has developed around agricultural impacts on air quality, and related health and quality-of-life issues, there currently exist few regulatory, technical assistance, incentive, or market pressures to encourage landowners to modify their current management practices to address air quality problems recognized by local communities. The more contentious issues have involved nuisance odor and dust (particulate matter) problems. There is little information and research on the long-term health effects and economically viable best management practices for particulate issues. Project participants favored implementation of the recommendations of the USDA Agricultural Air Quality Task Force. Those mentioned for special attention include: (1) research to refine monitoring and measuring of agricultural air quality emissions, and increased monitoring at the local level; (2) development of integrated water and air quality control programs; (3) implementation of educational and technical assistance programs that help producers protect air quality; (4) economic assessment of existing control technologies; and (5) increased funding for these research and education initiatives.

#### **Policy coordination for water and air pollution**

Two visioning sessions raised concerns about the lack of policy coordination in regulation of air pollution and water pollution. It is clear that water and air quality regulations sometimes work at odds with each other. Participants also expressed concern that resources to assist farmers in addressing water quality are fractured, and that institutions need to work together and be better coordinated. They felt incentives and mechanisms to integrate agency efforts are needed, and recommended starting with a review of the EPA and USDA's current coordination on agro-environmental problems.

