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Colorado Preferences for Federal Agricultural Policy and the 2007 Farm Bill

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James Pritchett*[,1], Emily Scott[2] , Andrew Seidl[3], and Wendy Umberger[1]

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*Corresponding Author: B 327 Clark Building, Department of Agricultural and Resource Economics, Colorado State University; T: 970-491-5496; E: James.Pritchett@ColoState.edu; F: 970-491-2067

[1]Assistant Professor, [2]Research Assistant and [3]Associate Professor in the Department of Agricultural and Resource Economics, Colorado State University.

Introduction
Colorado Preferences for Federal Agricultural Policy and the 2007 Farm Bill

The 2002 Farm Bill (Farm Security and Rural Investment Act) expires with the 2007 crop year. Debate is already underway as Congress and the Bush administration prepare to write the 2007 Farm Bill. The outcome of the debate will have a direct effect on Colorado's agricultural operations, farm profitability, and the sustainability of Colorado's natural resources.

In 2001, producers from across the United States participated in a survey to inform Congress about their preferences for the 2002 Farm Bill. Feedback from Washington D.C. indicated that these surveys of farmer and rancher opinions played an important role in the 2002 Farm Bill development process.

During 2005 and 2006, thousands of farmers and ranchers from 27 states participated in the National Agricultural Policy Producers' Survey. Colorado producers are in a unique position to influence the 2007 Farm Bill negotiations, having representation on both the Senate and the House Agriculture Committees (Sen. Ken Salazar; Rep. Marilyn Musgrave and Rep. John Salazar).

Colorado State University (CSU) Cooperative Extension, the CSU Agricultural Experiment Station and the Colorado Agricultural Statistics Service are working together to create a forum for agricultural producers to express views on federal agricultural policy. Part of the process is summarizing Colorado producers' responses to the National Agricultural Policy Producers Survey.

The following text provides a summary of Colorado producers' responses. This document is part of a series of reports regarding upcoming Farm Bill legislation. In order to provide additional insight, Colorado producer responses are occasionally divided between small and large farms. Likewise, Colorado producers' opinions are compared to national responses to illustrate state versus national producers' consensus and differences on policy issues. It should be noted that the National responses are a composite of small and large farm preferences.

The summary is divided according to eight sections: Survey Methodology; Personal and Farm Data; Farm Programs and Budget Priorities; Commodity Programs and Risk Management Policy; Conservation and Environmental Policy; Trade Policy; Food System and Regulatory Policy; and Related Policy Issues.

Section 1. Survey Methodology

This document reviews the results of a national survey of producer preferences for federal agricultural policy, highlighting the responses of Colorado producers. Additionally, producers' responses to several Colorado-specific questions (not included in the national survey as they were particularly relevant to Colorado) regarding water transfer issues and rural development policies are discussed.

A survey was mailed to a random, stratified sample of producers in 27 participating states. The sample was stratified by the size of the operation, where size was measured as the market value of agricultural products sold, not including government payments. A different sampling rate was used for three strata of farms, 1) *small*: farms with less than $100,000 in annual market value of product sold; 2) *medium*: farms with at or above $100,000 and less than $250,000 in annual market value of product sold; and 3) *large*: farms with at or above $250,000 in annual market value of product sold.

In Colorado, 30,500 farms were counted in the 2002 Agriculture Census of which 86.5% are considered *small* farms, 6.9% are categorized as *medium* farms and 6.6% are *large* farms. The Colorado sample selected from Agriculture Census database included 948 *small* farms, 785 *medium* farms and 767 *large* farms. Of the 2,500 surveys that were mailed 33 were returned due to insufficient/inaccurate address. Of the remaining 2,467 surveys that were successfully mailed, 713 surveys were completed and returned, however, only 646 (26.2%) could be used for analysis.

The Colorado survey protocol involved three mailings. A survey was mailed initially followed by a postcard reminder two weeks later, which was then followed by a second survey mailing to non-respondents two weeks later.

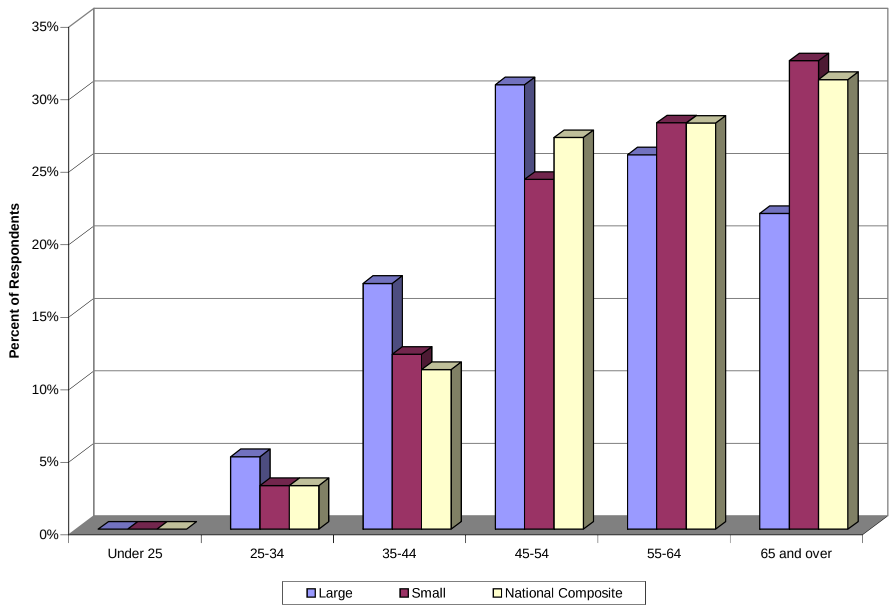
Section 2. Personal & Farm Data

The Personal & Farm Data section of this summary describes the characteristics of survey respondents including their age, gender, race and annual market value of agricultural products sold. Information in the section establishes "who" responded to the survey.

Demographics

The survey targeted farm owners listed in the National Agricultural Statistics Service (NASS) database from the 2002 Census of Agriculture. Of the respondents to the survey, 14% reported their gender as female and 86% male. For the most part, farmers and ranchers report their age as greater than 45 years (Figure 1) whether that be among large Colorado farms, small Colorado farms or nationally. However, younger managers operate large Colorado farms when compared to smaller farms and the national average.

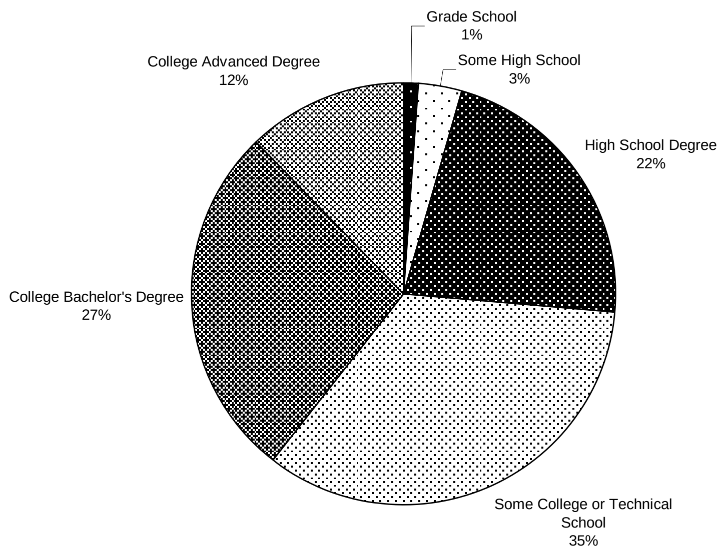
Figure 1. Age Composition of Farms and Ranch Manager Respondents



Among those who identified their race or ethnicity, 96.3% classified themselves as white, 0.3% as Pacific Islander, and 3.5% as Spanish, Hispanic or Latino origin.

As suggested by Figure 2, nearly three-quarters of survey respondents count post secondary experience as their last year of education received, with 12% having received an advanced degree as part of their education.

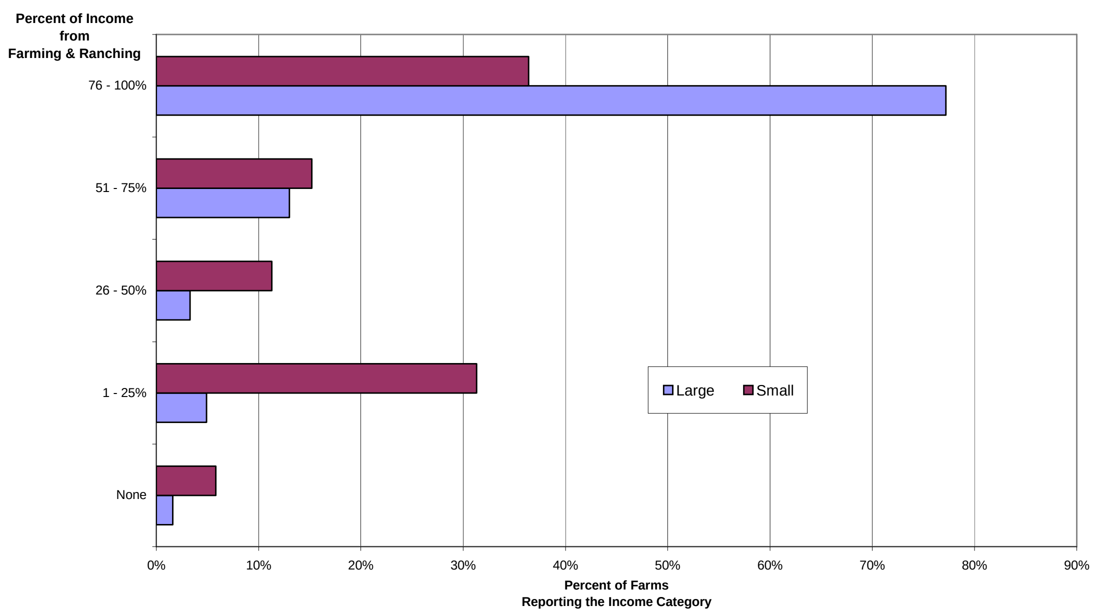
Figure 2. Last Year of Education Received for Colorado Farmers



Farming and Ranching as a Source of Income

Farming and ranching comprise a significant proportion of income for survey respondents. As indicated in Figure 3, nearly 77% of large Colorado ranchers and farmers receive 76 – 100% of their household income from the farm, while only 36% of small Colorado farms receive 76-100% of their household income from the farm or ranch.

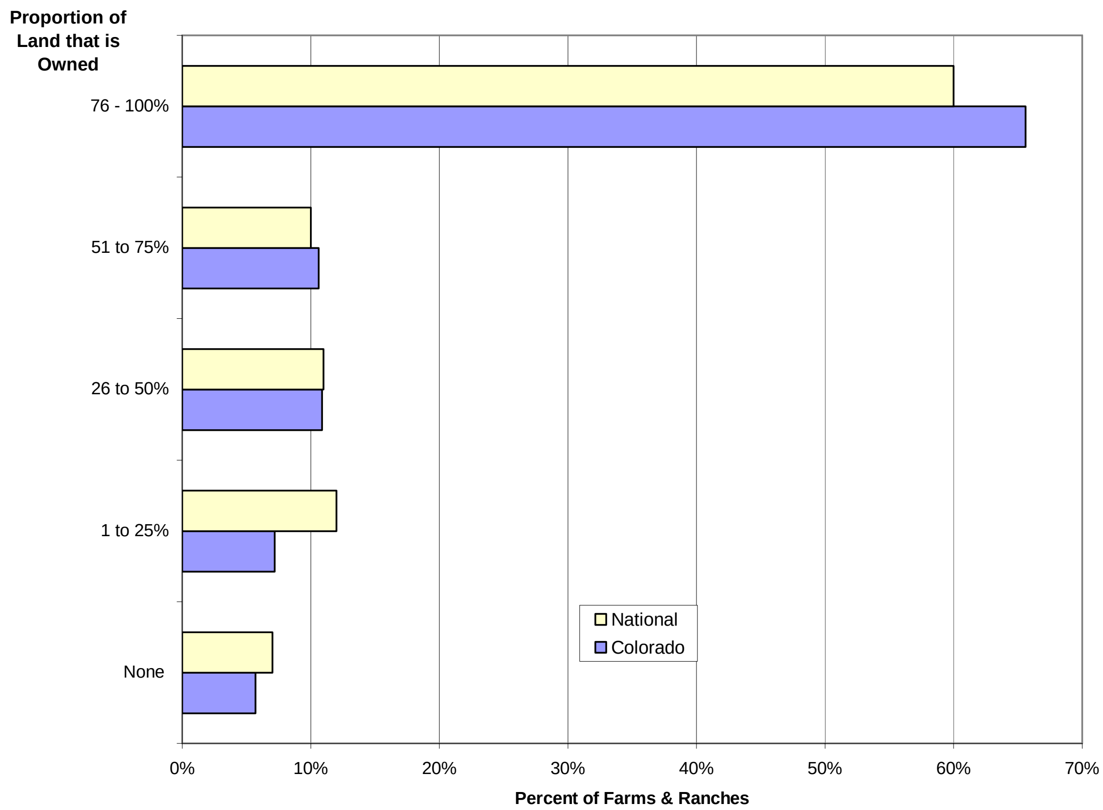
Figure 3. Agricultural Sales as a Proportion of Household Income



Ownership of Farm and Ranch Land

The agricultural operators that responded to the survey own, rather than lease, the land on which they operate. Figure 4 summarizes the proportion of owned land for Colorado farms relative to national survey respondents. However, Colorado agricultural producers own a larger proportion of the land on which they operate when farmers participating in the national survey. This is a notable result, given the relatively larger proportion of public land that can be used for grazing in Colorado.

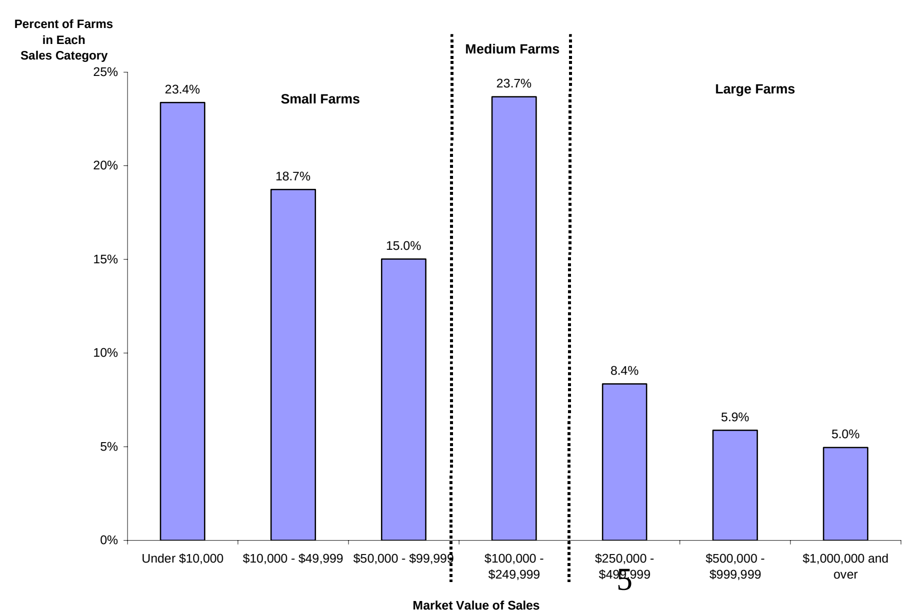
Figure 4. Ownership of Farm and Ranch Land Used in the Operation



Average Annual Market Value without Government Payments

Respondents were asked to classify their annual sales of agricultural products into the seven categories listed in Figure 5. A large share (42.1%) of Colorado producers generates agricultural sales that are less than $50,000. A very small proportion (5%) has sales equaling or greater than $1 million each year.

Figure 5. Colorado Farm and Ranch Annual Market Value of Agricultural Sales



Sources of Sales

The sales reported by agricultural producers came from many sources. Table 1 ranks agricultural enterprises by the proportion they make of farm/ranch income for Colorado producers. The first column of Table 1 indicates the average percent of sales each enterprise contributes among all Colorado producers **(Mean Percent of Sales)**, while the second column indicates the proportion of respondents who reported having at least some income from the enterprise **(Proportion with the Enterprise).** The next two columns indicate enterprises that provide a majority (greater than 50%) or provide the sole source of annual sales.

Table 1. Percent of Total Sales By Source for Colorado Farms and Ranches

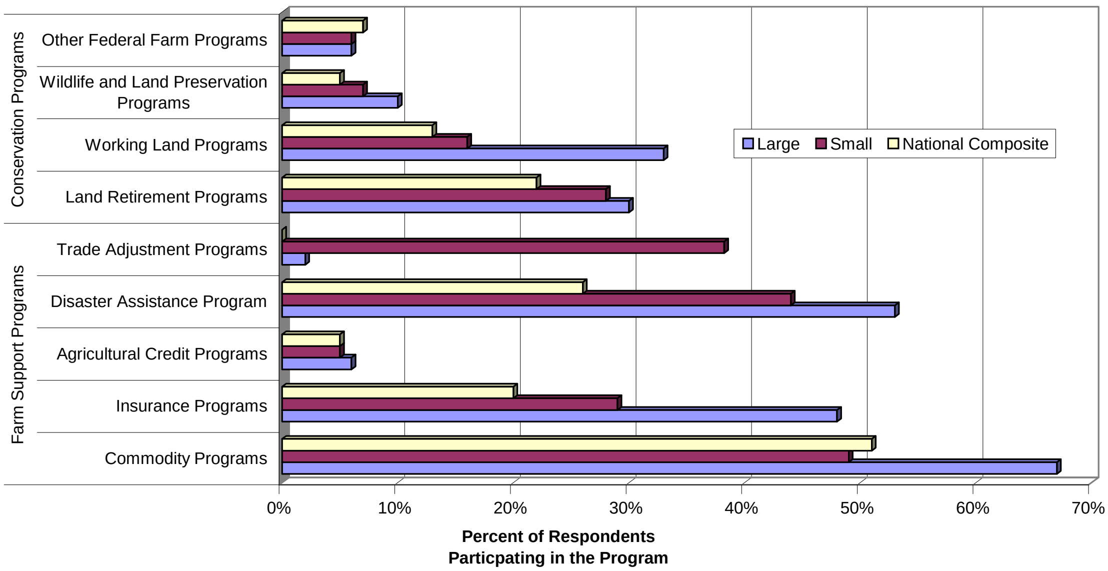
Enterprise	Mean Percent of Sales (%)	Proportion with the Enterprise (%)	Enterprise Provides a Majority of Sales	Enterprise Provides 100% of Sales
Cattle and Calves	33.7%	54.5%	36.3%	18.1%
Food & Feed Grains	26.7%	50.6%	29.1%	12.2%
Forages	11.6%	30.5%	12.0%	4.9%
Other Crops	4.9%	12.2%	4.7%	1.7%
All Other Livestock	7.3%	4.4%	8.0%	3.5%
Dry Beans & Dry Peas	0.8%	11.2%	0.6%	0.0%
Vegetables, melons, Potatoes	2.4%	8.0%	3.2%	0.9%
Sheep and Goats	2.5%	3.1%	2.2%	1.0%
Nursery & Greenhouse	2.4%	7.8%	2.5%	1.8%
Oilseeds	0.6%	5.6%	0.3%	0.0%
Sugar Beets	0.2%	8.6%	0.2%	0.0%
Fruits and Tree Nuts	2.7%	1.5%	2.6%	1.8%
Dairy Cattle & Products	2.0%	6.1%	2.2%	0.9%
Hogs and Pigs	0.7%	0.0%	0.5%	0.0%
Poultry and Products	0.9%	0.0%	0.5%	0.3%
Aquaculture	0.4%	0.8%	0.3%	0.3%

Organic production was reported by 86 (15%) of 558 respondents. Of these organic producers, 50% report organic production as their sole source of sales.

Participation in Government Programs

A vast majority of Colorado farms and ranches having received government assistance. In Figure 6, assistance is categorized into conservation programs (upper half of Figure 6) and farm support programs. Commodity programs and disaster assistance programs were the government programs with the highest number of participants as indicated at the bottom of Figure 6. The high participation rate of Colorado farms (relative to the National composite) in disaster assistance programs is not surprising given the multiple years of statewide drought since 2002. It is interesting to note that large Colorado farms participated in commodity support programs at a greater rate than small Colorado farms, but this difference seems to narrow when examining producer participation in conservation programs.

Figure 6. Participation in Federal Programs by Large and Small Colorado Producers



The Farm/Ranch Future

The future of family farms and ranches is of concern to many producers and policy makers. Survey responses suggest that in the future, farms/ranches may continue to be operated by family members such as children, operated by those outside the family, or converted to a non-farm use. Some interesting differences exist between expected futures of large versus small Colorado farms. For example, 21% of small Colorado farms expect their operation to be converted to non-farm use when the operator retires, while only nine percent of large Colorado farms anticipate conversion (Table 2). Conversely, a larger majority of these large farms expect their children, spouse or relatives to continue the operation (66%)

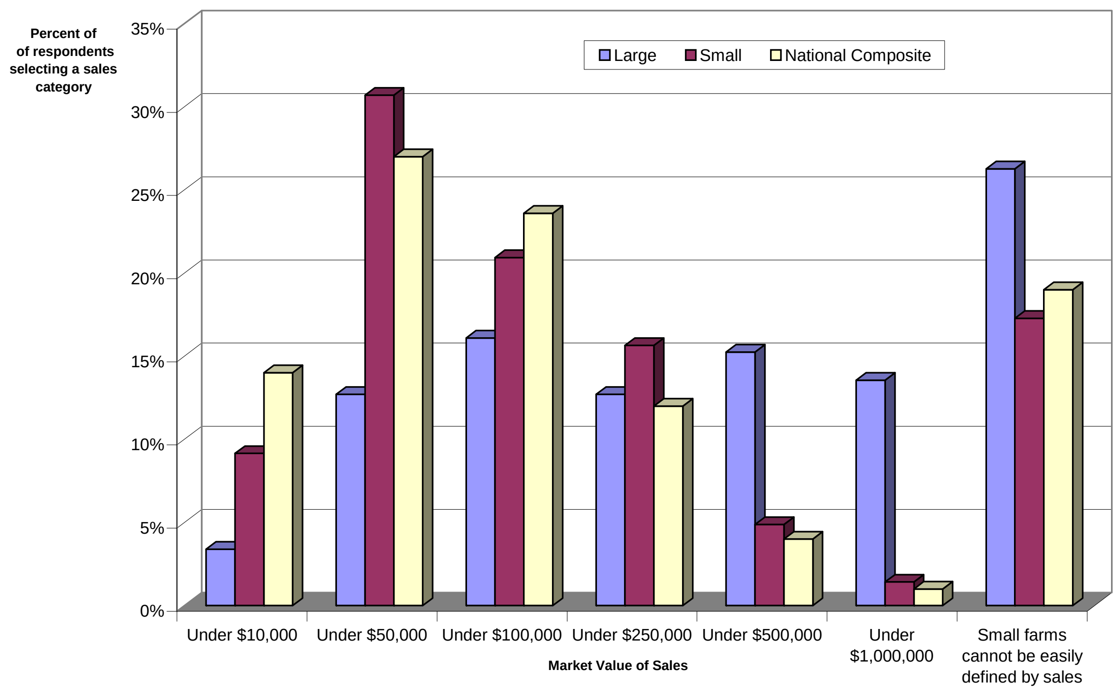
Table 2. The Future of Colorado Farms and Ranches

In the future, the Farm/Ranch will be:	***Large Colorado Farms (%)***	***Small Colorado Farms (%)***	***National Composite (%)***
Operated by Spouse	7%	5%	6%
Operated by Children	51%	38%	43%
Operated by Other Relatives	8%	6%	7%
Operated by Non Relatives Working in Operation	5%	4%	3%
Operated by Non Relatives, Not Involved in Operation	20%	27%	22%
Converted to Non-Farm Use	9%	21%	18%

What is a small farm/ranch?

The U.S. Department of Agriculture (USDA) has defined a small farm as generating less than $100,000 of sales in a year. In order to examine producers' opinions regarding the appropriateness of this USDA definition, survey respondents asked to select the category of maximum sales a farm/ranch might receive annually and still be considered a "small farm."

Figure 7. Definition of "Small" Farm by Colorado Large and Small Producers



Section 3. Farm Programs and Budget Priorities

In the following sections, producers were asked to rank the relative importance of farm programs and budget priorities using a Likert scale (1 = least important, 2=less important, 3=neutral, 4=important, 5=most important, and X = no opinion/don't know). Specific questions included the goals of the farm bill, the maintenance of existing funds for specific programs and the opportunity for funding of new programs. Producers' answers to each of these questions are addressed below. The discussion for each section begins by stating the specific question producers were asked.

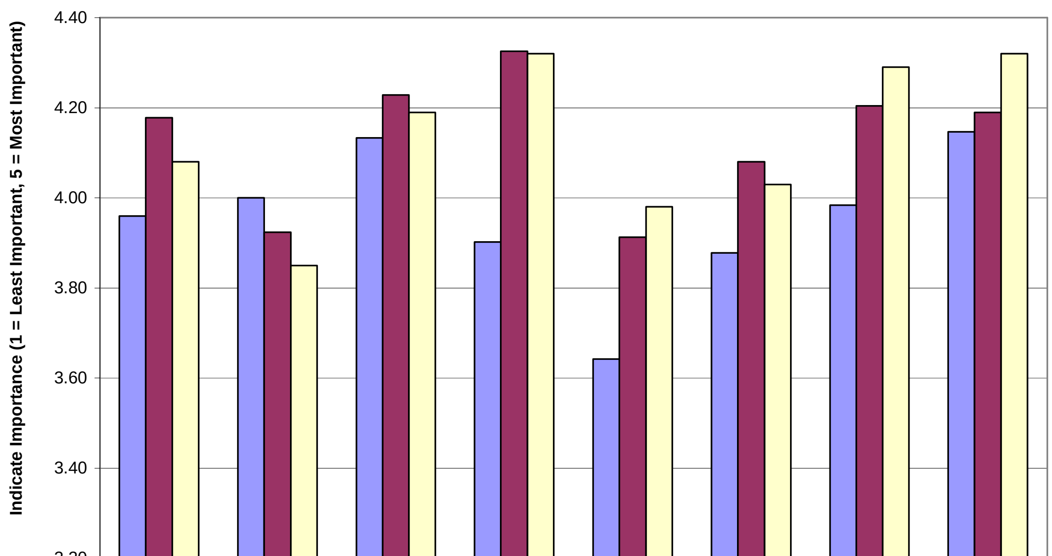
Goals of the Farm Bill

The first question began:

<u>Question</u> The goals of the Farm Bill should be to:

Respondents deemed all farm bill goals to be important as indicated by an average Likert ranking above 3.0. Across the three groups (small Colorado farms, large Colorado farms and the national composite), reducing the dependence on non-renewable fuels and increasing competitiveness was found to be the most importance. Large and small Colorado farms suggested reducing risk was relatively more important than the national composite.

Figure 8. Likert Ranking of Farm Bill Goals by Small and Large Colorado Producers



	Enhance farm income	Reduce risk	Increase competitiveness	Enhance small/beginning farms	Protect environment/resources	Enhance rural economies	Assure food supply	Reduce dependence on non-renewable energy
Large	3.96	4.00	4.13	3.90	3.64	3.88	3.98	4.15
Small	4.18	3.92	4.23	4.33	3.91	4.08	4.20	4.19
National Composite	4.08	3.85	4.19	4.32	3.98	4.03	4.29	4.32

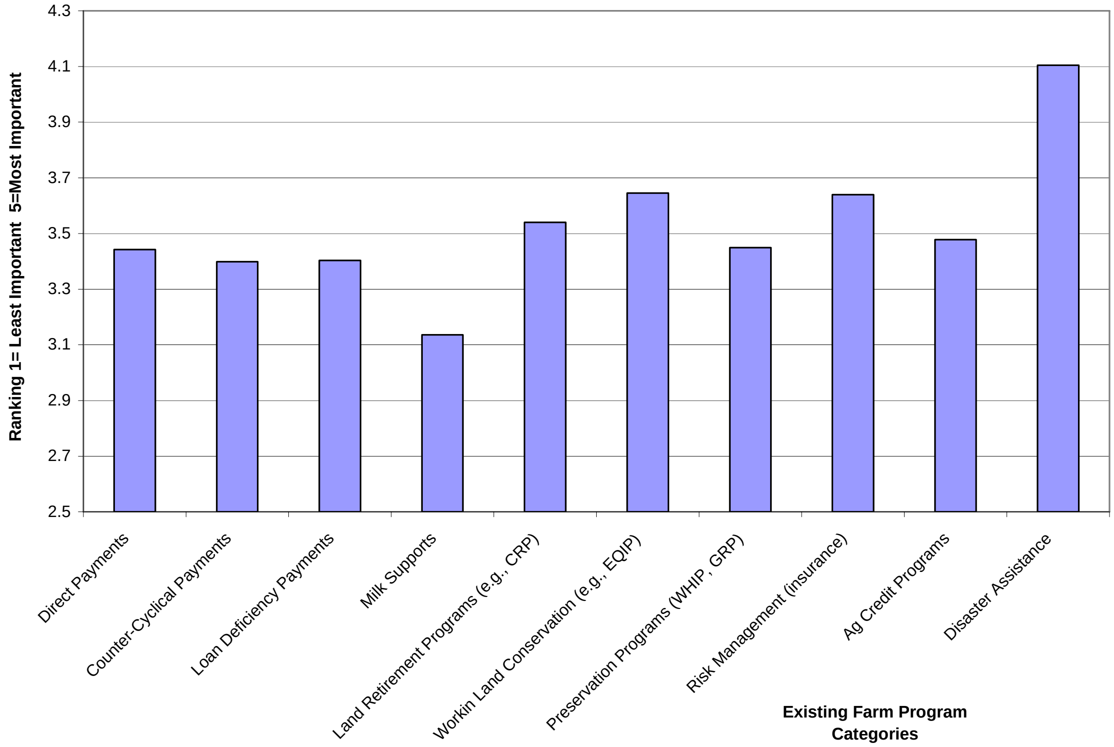
Maintain Funding for Existing Programs

A second question in the Farm Program and Budget Priority Section was:

<u>Question:</u> How important is it to maintain funding for the following existing programs?

Colorado farms support continued funding of disaster assistance, and the strength of their support stands out relative to the other existing programs in Figure 9. Land preservation programs including the Wildlife Habitat Incentives Program (WHIP) and the Grasslands Reserve Program (GRP) receive a relatively lower ranking. Direct payment programs, counter-cyclical payment programs, loan deficiency programs and milk support also received relatively low rankings.

Figure 9. Funding Ranking of Existing Programs by Colorado Farmers and Ranchers



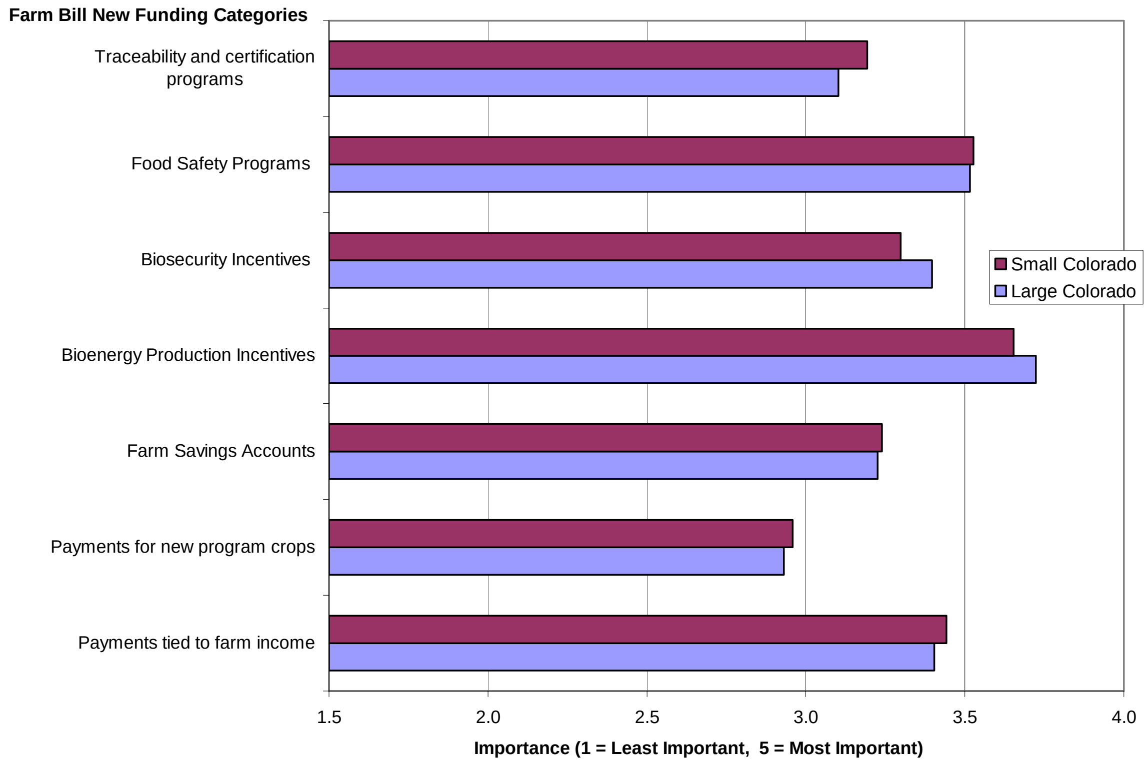
New or Additional Farm Bill Funding

The previous question focused on preserving funding levels, a subsequent section examined producers' preferences for allocation of any new government funds for Farm Bill programs.

<u>Question</u>: How important is it to provide new or reallocated funds for the following programs?

Small and large Colorado farms rated their preference for seven potential farm programs, and average ratings are reported by size category in Figure 10. Incentives to produce bio-energy received a relatively high average ranking, as did food safety programs and payments tied to farm income level. Payments for crops that are not currently supported received the lowest average ranking, which may not be surprising given that very few Colorado respondents indicated that non-program crops are an important source of sales.

Figure 10. Ranking of Funding for New Programs by Colorado Farms



Section 4. Commodity Programs and Risk Management Policy

Existing Programs

Commodity and risk management programs have been a fundamental component of previous Farm Bill legislation, and this survey section sought opinions on their future. Respondents indicated agreement with statements according to a Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know). The statements are as follows:

Statement 1: **Farm Program commodity payments should be phased out over the length of the Farm Bill.**

Statement 2: **Farm Program commodity payments should be reduced but not phased out in the 2007 Farm Bill.**

Statement 3: **Farm program commodity payments should be targeted to small farmers.**

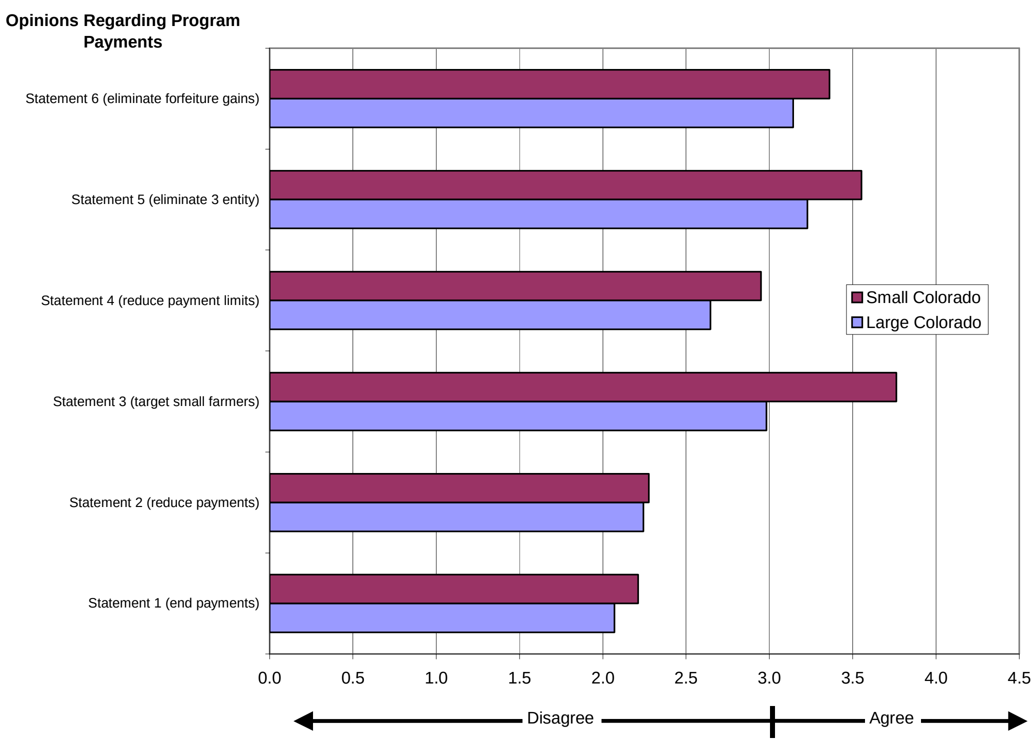
Statement 4: **Existing commodity program payments should be reduced to lower levels.**

Statement 5: **Existing commodity program payment limits should be changed to apply to a single individual eliminating what is known as the three entity rule.**

Statement 6: **Existing commodity program payment limits on marketing loans should be changed to eliminate the unlimited use of certificate and forfeiture gains.**

Figure 11 is used to summarize small and large Colorado farmers' agreement with these statements. Recall that a score of 1 indicates strong disagreement, while a score of 5 indicates a strong agreement with the statement. In general, producers tend to disagree with Statements 1 & 2 at the bottom of the chart (reductions in program payments) and agree with the last statements (changing the payment limit implementation), while modest agreement is found with reducing payment limits. The greatest difference in opinion between large and small farms is if payments should be targeted to small farms.

Figure 11. Colorado Farmers' Preferences for Payments, Payment Limits and Implementation



Commodity Program Buy-Out

One policy suggestion is to offer current commodity payment recipients a buy-out program similar to the one that was recently implemented for tobacco producers. In the buy-out policy program scenario, producers would be offered a lump sum payment or series of payments in exchange for eliminating all of their future rights to participation in specific commodity programs. Producers were asked (yes/no/no opinion) if they agreed with five alternative buy-out program scenarios. Producers' responses are summarized in Table 3.

Table 3. Colorado Producers' Preferences for Commodity Buy-out Programs

Buy-out Alternative	Yes	No	No Opinion/ Don't Know
A. *Producers should be offered a buy-out of existing commodity programs.*	21.9%	43.1%	35.0%
B. *If a lump sum buy-out were offered, and it were equal to 15 years of commodity payments in terms of today's dollars, I would take it*	19.0%	36.9%	44.2%
C. *I would accept the buyout in B if it were paid in a series of annual installments*	20.9%	34.4%	44.7%
D. *If a lump sum buy-out were offered, and it were equal to 25 years of commodity payments in terms of today's dollars, I would take it*	24.4%	34.0%	41.6%
E. *I would accept the buyout in D if it were paid in a series of annual installments*	25.3%	31.6%	43.2%

Dairy Program Support

Federal dairy programs have included both a dairy price support program backed by government purchases and a direct payment program based on milk prices called the milk income loss contract (MILC). Respondents were asked to check the alternative that they preferred from the list:

Alternative 1: **Eliminate all dairy support programs.**

Alternative 2: **Eliminate the MILC program and retain the dairy support program.**

Alternative 3: **Eliminate the dairy price support program and provide direct payments only in a method similar to the MILC program.**

Alternative 4: **Reauthorize both the current dairy price support program and the MILC program.**

The largest proportion (39%) of Colorado producers favored Alternative 4, reauthorization, while the next most preferred alternative was to eliminate all dairy support programs (30%). Alternative 2 and Alternative 3 enjoyed the same relative support, 16% and 15%, respectively.

Section 5. Conservation and Environmental Policy

Conservation of the nation's land and water resources is a well-recognized national priority. Effective federal program design must deal with targeting conservation priorities, streamlining program delivery, managing partnerships with state and local governments, recognizing changes in farming and land ownership, and encouraging farmers and rural landowners to be conservation minded. The following section addresses responses to environmental goals, the type of financial assistance provided for these goals, block grants to states for conservation funding, changes to the Conservation Reserve Program (CRP), and the future of the Conservation Security Program (CSP).

Technical Assistance & Financial Assistance for Environmental Goals

Colorado farmers and ranchers were asked to indicate whether no federal assistance, technical assistance only or a combination of technical and financial assistance should be provided for eight possible environmental policy goals. Producers' responses are summarized in Table 4.

Table 4. Colorado Producers' Preferences Federal Assistance for Environmental Policy Goals

	No Federal Assistance	Technical Assistance Only	Technical and Financial Assistance	No Opinion / Don't Know
A. Water quality protection	7.5%	20.1%	62.6%	9.8%
B. Soil erosion control	7.7%	25.8%	58.8%	7.6%
C. Air quality protection	13.0%	37.1%	37.1%	12.8%
D. Wildlife habitat protection	17.5%	28.5%	44.4%	9.5%
E. Open space protection	26.7%	24.7%	34.7%	13.9%
F. Management of animal wastes	16.0%	38.6%	32.5%	12.9%
G. Carbon sequestration	16.7%	25.2%	21.9%	36.1%
H. Maintenance of biotic diversity	14.7%	26.3%	28.6%	30.4%

Block Grants to States

One option for tailoring conservation programs to local needs is to transfer funding through block grants to states and give them authority to implement conservation programs. Among Colorado farmers/ranchers, twenty-four percent either disagreed or strongly disagreed with block grants to states (thirteen and eleven percent, respectively), eighteen percent took a neutral stance, while forty-six percent either agreed or strongly agreed (twenty percent and twenty-six percent, respectively). Twelve percent did not have an opinion on the question.

Changes to the Conservation Reserve Program (CRP)

Most contracts for land currently enrolled in the Conservation Reserve Program (CRP) will expire in 2010. With this timetable in mind, respondents were asked to select one alternative from the following CRP revisions:

<u>Alternative 1:</u> Keep current rules and allow current contracts to expire on schedule and compete for re-enrollment against other land being offered for enrollment.

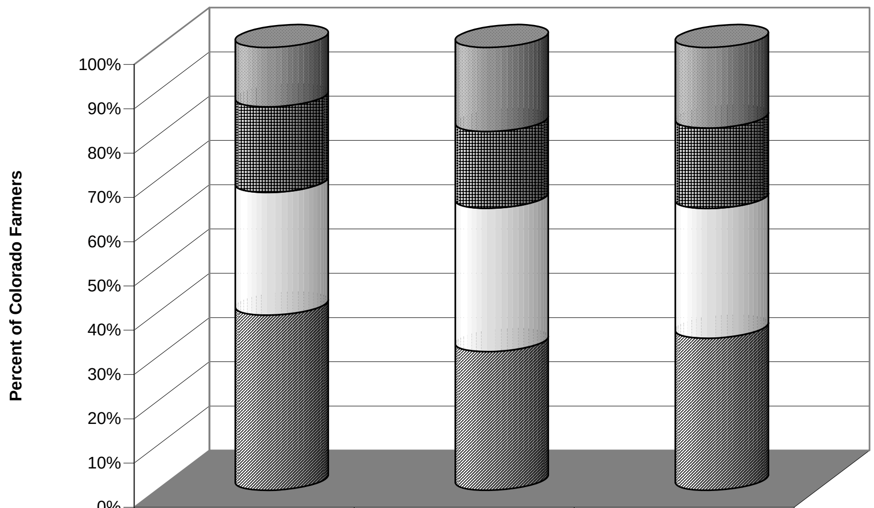
<u>Alternative 2:</u> Allow current contracts ranking highest in the environmental benefits to be automatically eligible for re-enrollment at existing rental rates.

<u>Alternative 3:</u> Reduce the acreage in CRP as current contracts expire by restricting future enrollments to high-priority, environmentally sensitive lands.

<u>Alternative 4:</u> Eliminate the CRP program as contracts expire.

As indicated by Figure 12, the most popular alternative to the survey respondents is to continue the program with current re-enrollment procedures (Alternative 1) or to re-enroll highly sensitive land under current procedures (Alternative 2).

Figure 12. Preferences for CRP Changes among Colorado Farmers



	Large Colorado	Small Colorado	National
Eliminate the CRP as Current Contracts Expire	13.4%	19.0%	18.0%
Reduce CRP Acreage and Restrict Future Enrollments	19.3%	17.3%	18.0%
Allow Highest-Ranking Contracts to Re-Enroll Automatically at Existing Rental Rates	27.7%	32.4%	29.0%
Allow Contracts to Expire and Compete for Re-Enrollment	39.5%	31.3%	34.0%

Conservation Security Program

The Conservation Security Program (CSP) provides cost-share assistance, incentive payments, and technical assistance to producers for adopting and/or maintaining targeted conservations on working lands. Respondents were asked to select one alternative from the following CSP alternatives:

Alternative 1: Continue the current policy of implementing the CSP on a watershed-by-watershed basis as funding allows.

Alternative 2: Increase funding to allow immediate nationwide implementation of the CSP.

Alternative 3: Eliminate the CSP as existing contracts in pilot watersheds expire.

Among the survey responses, a majority (55.0%) felt continuing the current CSP program was the preferred alternative, while the remaining two alternatives garnered equal shares – Alternative 2 was preferred by 24.4%, and Alternative 3 was preferred by 20.6% of respondents.

Open Space and Farmland Preservation

Respondents were asked indicate the importance of various tools for preserving open space/farmland. Producers ranked (1 = least important, 2=less important, 3 = neutral, 4 = important, 5 = most important, X = don't know/no opinion) the following 5 alternative policies:

Alternative 1: Increase federal funding for programs that purchase development rights and conservation easements.

Alternative 2: Reduce federal funding and emphasize privately funded programs that purchase development rights and conservation easements.

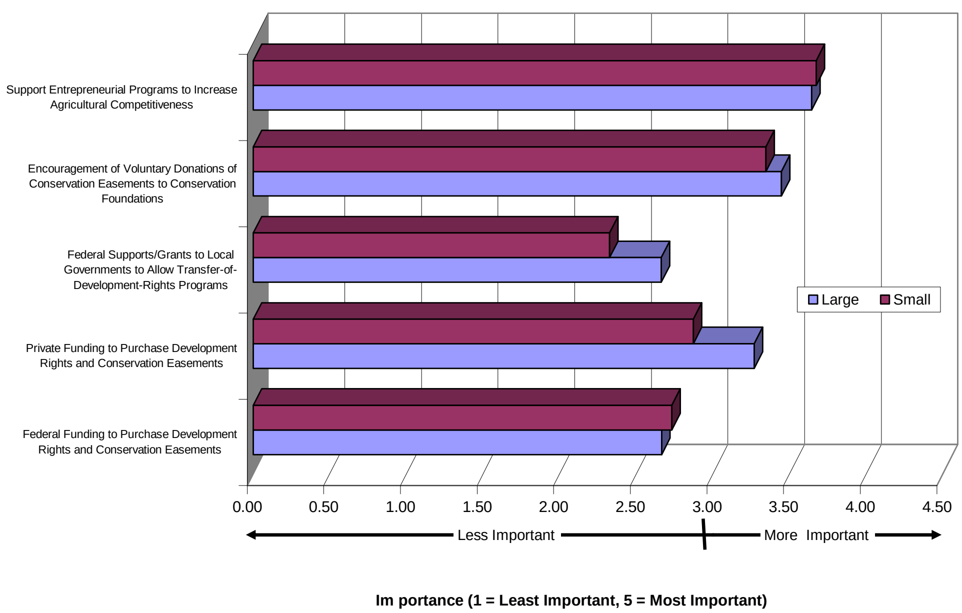
Alternative 3: Provide federal supports and/or grants to local governments who allow developers to purchase development rights in certain areas in exchange for developing other areas (allow transfer of development rights).

Alternative 4: Encourage voluntary donations of conservation easements and/or land donations to conservation areas/foundations.

Alternative 5: Support entrepreneurial programs designed to make farm and food production more competitive than non-farmland uses.

The average rankings for each alternative policy, categorized by small and large Colorado farms, are provided in Figure 13. Interestingly, only Alternatives 4 and 5 were considered by respondents to be important /very important, receiving an average ranking above 3.0, although Alternative 2 was favorable for small farms but not for large farms.

Figure 13. Colorado Producer's Ranking of Open Space and Farmland Preservation Alternatives



Section 6. Trade Policy

International trade, including both competition from imports or demand for exports, substantially impacts most U.S. agricultural commodities. The United States participates in bilateral and regional trade agreements and in the multinational World Trade Organization (WTO). In this section, respondents' level of agreement/disagreement with particular international trade policy statements is reported using a Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know). Producers rated the following statements:

Statement 1: The United States should continue to pursue free trade agreements (WTO, CAFTA) to reduce and eliminate trade barriers.

Statement 2: Labor laws, environmental impacts and food safety standards should be included as part of international trade negotiations.

Statement 3: To comply with the recent WTO ruling on cotton, the United States should eliminate export credits and industry payments such as Step 2 cotton payments.

Statement 4: The United States should emphasize domestic economic and social policy goals rather than trade policies.

Statement 5: The United States should withdraw from the WTO.

Statement 6: If the United States withdraws from the WTO, U.S. producers will face greater market access problems getting agricultural exports into other countries.

Statement 7: The United States should eliminate unilateral sanctions prohibiting food trade with certain other countries.

Table 5 indicates that the highest proportion of Colorado producers strongly agree/agree with Statement 2 (63%) in that labor laws, environmental impacts and food safety standards should be part of international trade agreements. The largest share of disagreement is held with Statement 1 (The U.S. should continue to pursue free trade agreements) and Statement 5 (The U.S. should withdraw from the WTO).

Table 5. Colorado Producers' Perceptions of Trade Policy Alternatives

	Statement 1	Statement 2	Statement 3	Statement 4	Statement 5	Statement 6	Statement 7
Strongly Agree	25.7%	45.2%	33.6%	19.8%	11.7%	18.4%	15.7%
Agree	18.3%	17.8%	13.4%	19.2%	18.8%	20.6%	21.4%
Neutral	17.9%	16.7%	12.4%	19.9%	21.5%	19.7%	21.2%
Disagree	9.7%	4.2%	3.1%	11.5%	10.5%	8.8%	11.0%
Strongly Disagree	18.5%	8.1%	5.9%	11.9%	16.3%	7.1%	12.8%
No Opinion	10.0%	8.0%	31.5%	17.7%	21.2%	25.4%	17.9%

Section 7. Food System and Regulatory Framework

Many policies included in Farm Bill legislation influence the nation's food system and regulatory framework. These policies include, but are not limited to, mandatory labeling, traceability systems such as animal identification and food testing. Respondents were asked to indicate their opinions (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree, X = no opinion or don't know) regarding the following seven statements related to food policy

Statement 1: The government should implement mandatory labeling rules to identify the country of origin of food products.

Statement 2: The government should develop voluntary labeling guidelines to better establish what the identification of the country of origin means to food products.

Statement 3: The government should increase efforts to improve the traceability of food products from the consumer back to the producer.

Statement 4: The government should adopt mandatory animal identification rules to improve animal health and food safety monitoring efforts.

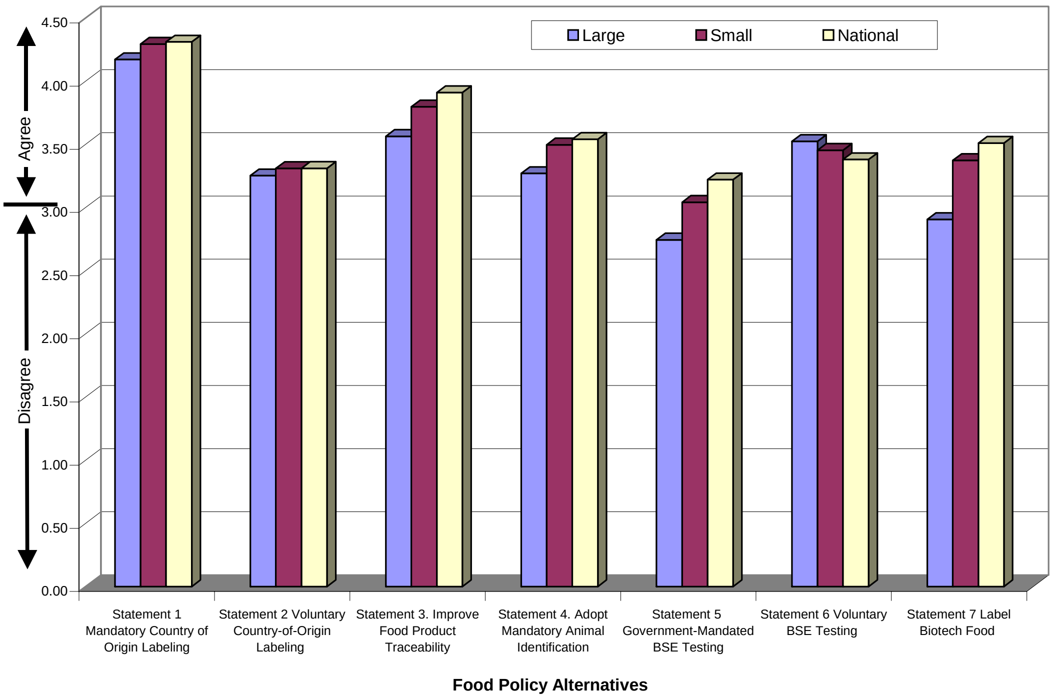
Statement 5: The government should adopt mandatory BSE testing for all cattle over 30 months of age

Statement 6: The government should establish guidelines for voluntary BSE testing of cattle by private industry.

Statement 7: Food products made with biotechnology should be labeled regardless of whether there is a scientifically-determined difference in the product.

Figure 14 summarizes Colorado producers' responses to these food system and regulatory policy statements. Respondents *agreed* most strongly with Statement 1, that the government should implement mandatory country-of-origin labeling rules.

Figure 14. Colorado Farmers' and Ranchers' Perceptions of Food Policy



Section 8. Related Policy Issues

Additional policy issues related to open space/farmland preservation, research priorities, water use and rural development were addressed in the survey effort. Colorado responses to each of these issues are summarized in the next section, beginning with research funds and ending with rural development priorities.

Research Funds

Respondents were asked to indicate the importance (1 = least important, 2 = less important, 3 = neutral, 4 = important, 5 = most important, X = don't know/no opinion) of allocating funding for research in several areas. Each of the possible priority areas and their average importance ranking are listed in Table 7.

Table 7. Colorado Producers' Ranking of Research Funding Areas

Funding Area	Average Ranking
Biofuels/Renewable Energy	4.42
Water Quality	4.10
Food Safety	4.07
Production Agriculture	4.05
Food Security	3.91
Soil Quality	3.79
Biotechnology	3.76
Biosecurity	3.68
Air Quality	3.56
Community and Economic Development	3.38
Private Forest Management	3.30
Nutrition and Obesity	3.25

Biofuels/renewable energy research received the highest average ranking out of the 12 categories listed in Table 7. However, three other areas also received average ratings great than 4.0: water quality, food safety, and production agriculture. All categories are ranked at 3.0 or above indicating that all research areas are important to Colorado producers.

In Colorado, significant attention is focused on water being transferred from agricultural use for municipal and industrial use. Agricultural producers were asked to indicate how important (1 = least important, 2=less important, 3 = neutral, 4 = important, 5 = most important, X = don't know/no opinion) it was to support the following alternatives regarding water transfers:

Alternative 1: Water transfer from agricultural to municipal/industrial use WITHIN a river basin should be prohibited.

Alternative 2: Water transfer from agricultural to municipal/industrial use BETWEEN river basins should be prohibited.

Alternative 3: State funds should be allocated to develop water storage in the mountains.

Alternative 4: Rural communities should be compensated for lost revenues (e.g., tax and business revenues) due to water transfer from their location to another.

Alternative 5: Temporary water leased from agricultural use to municipal/industrial use should be encouraged with state legislation.

Table 8 indicates producers' rankings of the five alternatives. A large percent of Colorado respondents believed rural communities should be compensated for rural water transfers (more than 70% found Alternative 4 to be most important/important). Similarly, two-thirds of Colorado producers believe funds for mountain storage (Alternative 3) to be most important/important. A majority of Colorado producers (65%) supported a prohibition of transfers between water basins from agriculture to municipalities (Alternative 2), while a smaller majority sought to prevent transfers within the basin (58%).

Table 8. Colorado Producers' Responses to Alternative Policies

	Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5
Most Important	44.4%	52.9%	54.2%	62.0%	20.7%
Important	14.0%	12.4%	12.7%	10.8%	19.4%
Neutral	14.4%	12.1%	12.4%	9.2%	18.9%
Less Important	6.9%	5.5%	5.6%	5.5%	10.5%
Least Important	13.5%	9.6%	9.9%	6.9%	20.2%
No Opinion	6.8%	7.4%	5.2%	5.5%	10.2%

Rural Development Programs

A variety of policy programs are being suggested as methods to encourage rural development. Respondents were asked to indicate their support according to the Likert scale (1 = least important, 2 = less important, 3 = neutral, 4 = important, 5 = most important, X = don't know/no opinion) for the following 5 possible rural development policies:

Respondents were asked how important the following rural development policies are:

<u>Policy 1</u>: Improve access to capital for business growth and development in rural areas.

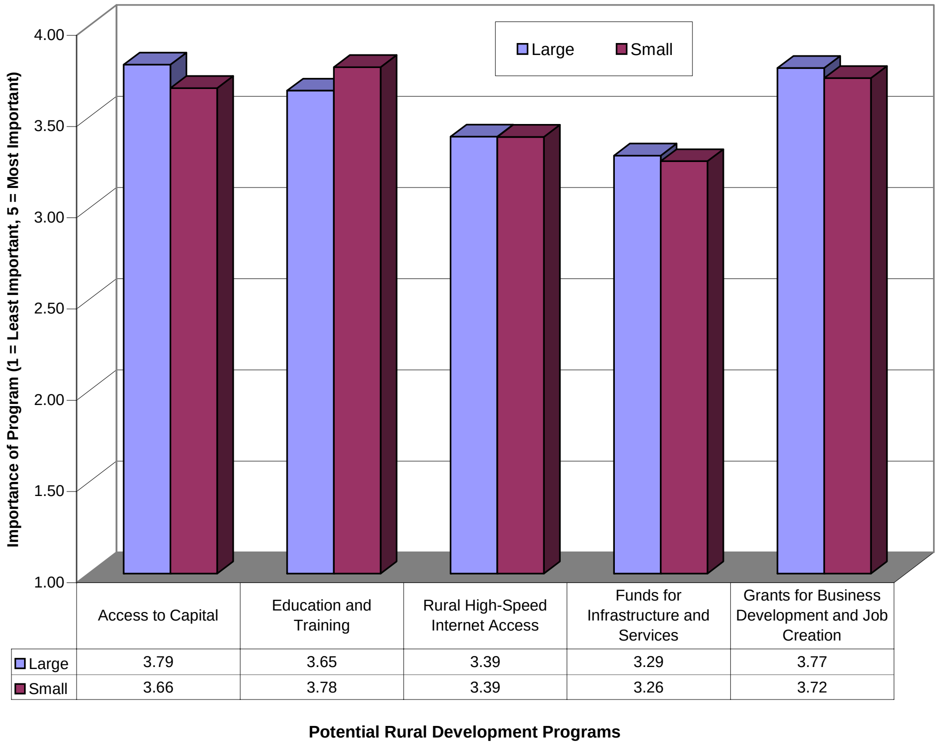
<u>Policy 2</u>: Improve education and training programs for rural development.

<u>Policy 3</u>: Increase high speed access to the Internet.

<u>Policy 4</u>: Increase funds provided to local governments for infrastructure and services.

<u>Policy 5</u>: Increase grants for business development and job creation in rural areas.

Figure 15. Average Ranking of Rural Development Policy Alternatives by Colorado Producers



	Access to Capital	Education and Training	Rural High-Speed Internet Access	Funds for Infrastructure and Services	Grants for Business Development and Job Creation
Large	3.79	3.65	3.39	3.29	3.77
Small	3.66	3.78	3.39	3.26	3.72

As indicated Figure 15, the policies ranked highest include increasing grants for rural areas (Policy 5), improved educational and training programs (Policy 2) and improved access to capital for business growth and development (Policy 1).