

# *Trade Adjustment Assistance for Farmers*

## **Annual Update and Orientation for Extension Educators**

**2006 Southern Region Agricultural Outlook Conference**



# *Trade Adjustment Assistance*

## Purpose

To assist agricultural producers & fishermen adjust to foreign import competition

# *Trade Adjustment Assistance*

- Trade Act of 2002 (Chapter 6)
- Amended the Trade Act of 1974
- Trade Act of 1974 was created by Congress to provide business owners and their employees relief from hardships created by foreign import competition

# *Trade Adjustment Assistance*

- Traditional TAA has provided technical assistance & labor retraining services to non-agricultural businesses and employees
- TAA for farmers expands these benefits to eligible farmers & fishermen that have experienced significant price declines as a result of increased imports
- USDA Foreign Ag Service (FAS) is the lead agency for implementation

## *Producer Benefits*

- Technical assistance training
  - Extension Service
- Up to a \$10,000 cash payment
  - USDA Farm Service Agency (FSA)
- Career retraining & education assistance
  - Department of Labor

# *Eligibility Requirements*

- Commodities must first be certified as eligible before producers can apply for benefits
- Average price of the commodity in the most recent 12 months must be less than 80% of the average price over the past 5 years in which data is available
- Imports of directly competing products must have increased during the most recent 12 month period
- Increase in imports has to have “contributed importantly” to the price decrease

## *Who May Petition*

- A group of raw agricultural commodity producers, or their duly authorized representative.
- Can be as few as three (3) unrelated individuals.
- Can be on behalf of a state, region or the nation as a whole.
- If a specific state or region files, other regions can join the petition if they do so within 10 days, otherwise they must file a separate petition.

# *Petition Submission*

- FAS has 40 days to determine if the commodity is eligible – clock starts with Federal Register posting of grower's petition
- USDA Economic Research Service (ERS) reviews the price and import information

## *Grower Time Line*

- If grower group's petition is certified, then..
- Individual grower has 90 days after certification to apply to FSA for benefits
- Grower has 180 days after certification to obtain 'technical assistance' (at no cost to the producer) from Extension.

# *How The Payment Is Calculated*

- The quantity of the commodity produced in the petition year multiplied by one half the difference between 80% of the previous 5 year average and the average price of the commodity in the most recent marketing year. Not to exceed \$10,000.

# *How The Payment Is Calculated*

$$\text{Payment} = Q \times \frac{(.8\text{AP} - \text{NP})}{2}$$

AP = previous 5 yr average price

NP = average price in most  
recent marketing year

Q = producer quantity

## *What Grower Must Certify*

- Certification that Extension technical assistance has been completed
- Acceptable production documentation for commodity
- Net farm income was less than the last year in which no adjustment assistance was received

## *What Grower Must Certify*

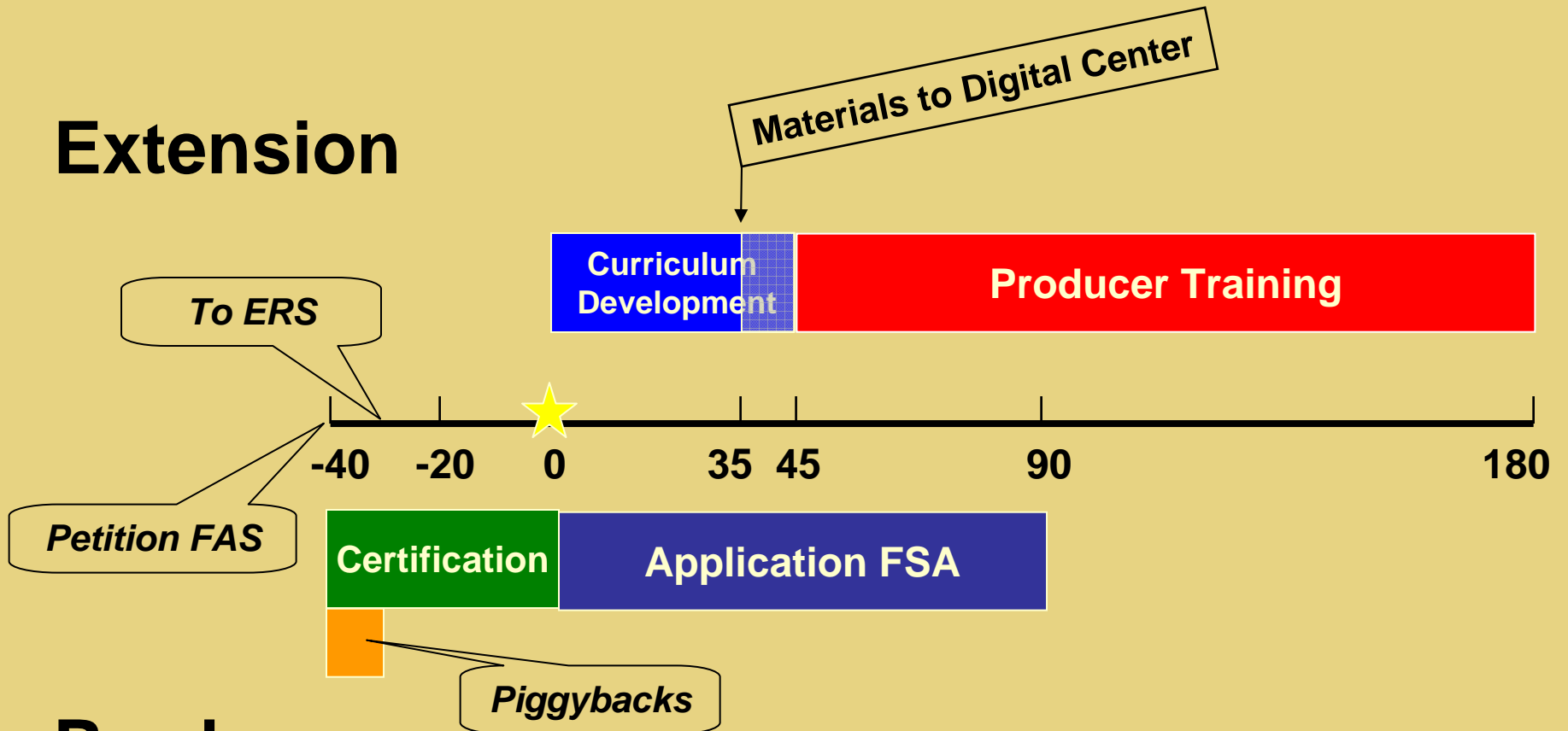
- That average gross revenue was less than \$2.5M for preceding 3 years
- Each producer has a \$10,000 limitation on TAA payments per Federal fiscal year
- TAA payments and counter cyclical payments must be less than \$65,000 per year

## *Extension Time Line*

- Secretary approves a petition.
- Extension has 45 days from the time a commodity is certified as approved to develop the 'technical assistance' package.
- At this point, 135 days remain in which producers must meet with an Extension educator to receive the technical assistance. (This may be in a group or one-on-one.)

# Time Line Summary

## Extension



## Producers

# *Technical Assistance Bill Language*

- ` (i) information regarding the feasibility and desirability of substituting 1 or more alternative commodities for the adversely affected agricultural commodity; and
- ` (ii) technical assistance that will improve the competitiveness of the production and marketing of the adversely affected agricultural commodity by the producer, including yield and marketing improvements.

# *Role of Extension*

- Development of TAA Technical Assistance program
- Train educators
- Provide Technical Assistance to producers

# *Technical Assistance Outline*

- Overview of TAA
- Where am I?
  - Commodity world outlook      commodity
  - Financial Viability              general
  - Resource & Talent Inventory    general

# *Technical Assistance Outline*

- Where do I want to be?

- |                           |           |
|---------------------------|-----------|
| — Business options        | general   |
| — Goals                   | general   |
| — Production efficiency   | commodity |
| — Marketing opportunities | commodity |
| — Alternative enterprises | commodity |
| — Transition resources    | general   |

# *Technical Assistance Outline*

- How can I get there?                      Commodity
  - How to access more intensive assistance:
    - Strategic plan
    - Production plan
    - Marketing plan
    - Personnel plan
    - Financial plan

# *Role of Extension*

- Extension reimbursed for
  - development of the technical package
  - train-the-trainer
  - delivery of TAA to producers

# *Teaching Resources*

- PowerPoint presentation
  - with instructor notes
- Printed materials
  - use in workshops
  - use in one-on-one meetings
  - as a downloadable file from the web
- Online course
  - for use in one-to-one meetings
  - not a replacement for a face to face meeting
- All available at [www.taaforfarmers.org](http://www.taaforfarmers.org)

# *National TAA Technical Assistance Website*

<http://www.taaforfarmers.org>

- A one-stop site for Extension's TAA effort
- Host for all training materials and presentations for each commodity

## *Parting Thought....*

TAA For Farmers is not simply another method of distributing money to farmers and fisherman, but rather an opportunity to provide them with risk management information that can help them be more competitive in the market place.

# *Trade Adjustment Assistance for Farmers and Fishermen*

## **Evaluation of the TAA Program**

### **National TAA Technical Assistance Team**

**The Regional Risk Management Education Centers and the  
Cooperative State Research, Education and Extension  
Service**

**September, 2006**



- Evaluated the effectiveness of the three program benefits participants receive to help them adjust to import competition:
  - Technical assistance
  - Cash payments
  - Department of Labor job retraining

## *Trade Adjustment Assistance for Farmers and Fishermen*

- 13,320 producers and fish harvesters participated in first two years (2004-2005)
- Evaluation was conducted
  - after two years of program delivery
  - by a nationally recognized independent organization
    - Social and Economic Sciences Research Center, Washington State University

- Evaluation
  - 2004 and 2005 applicants
  - completed in May 2006
  - Surveyed nearly 6,000 TAA participants
  - response rate of 56.4%
  - statistics are accurate within +/- 1.5%

## *Profile of Respondents*

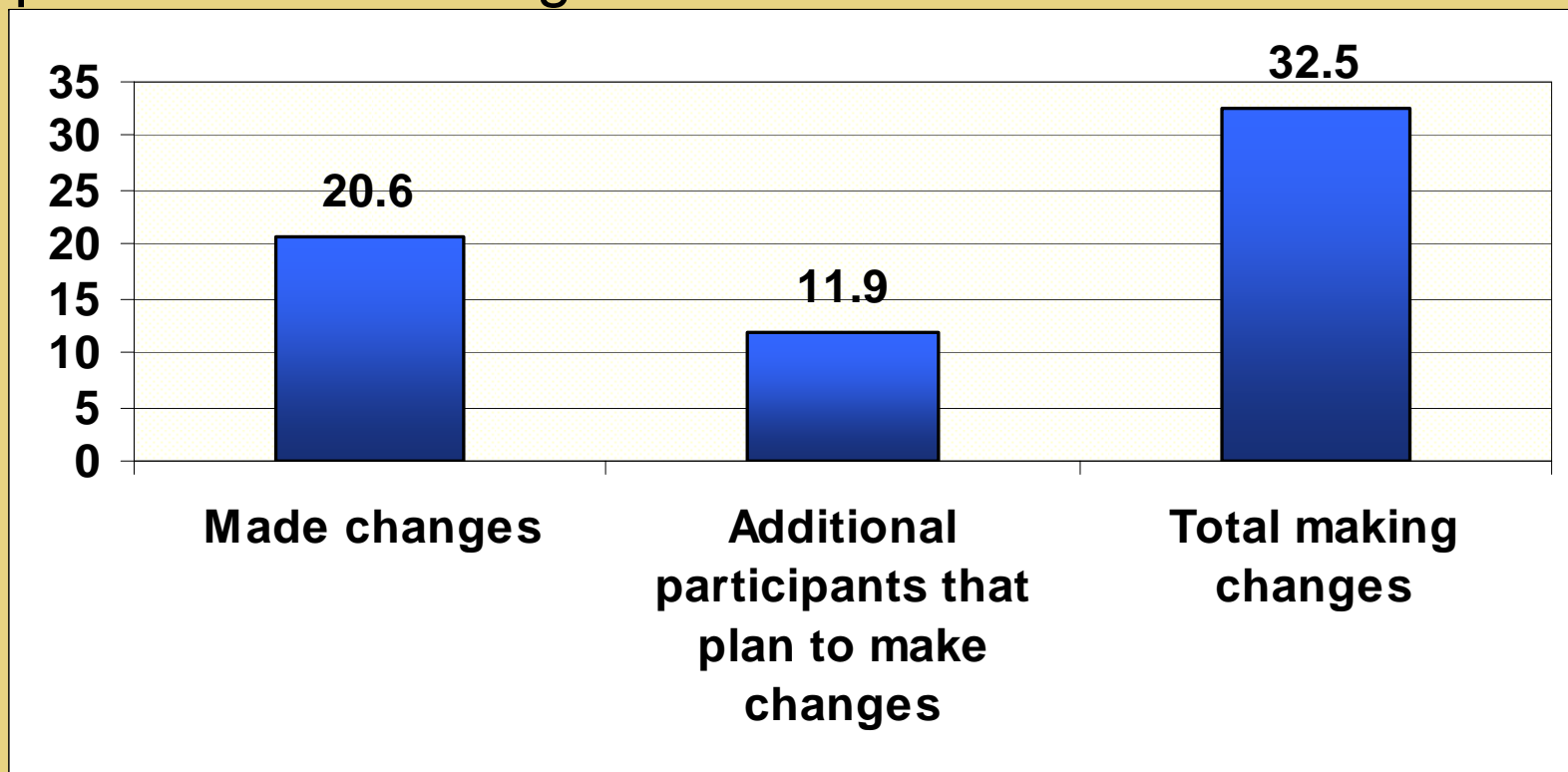
- Gender: 88% male and 12% female
- Primary Language:
  - 79% English
  - 5% Spanish
  - 7% Other
  - 9% Vietnamese
  - <1% Russian
- Represented 8 commodities from 25 states:  
Blueberries-ME, Catfish-17 states, Concord grapes-NY, PA, Lychees-FL, Olives-CA, Potatoes-ID, Salmon-AK, WA, and Shrimp-AL, FL, GA, LA, MS, NC, SC, TX.

## *Results of Technical Assistance*

- Technical assistance made a difference for farmers and fishermen adversely impacted by imports
- It helped them adjust to import competition and improve profitability.

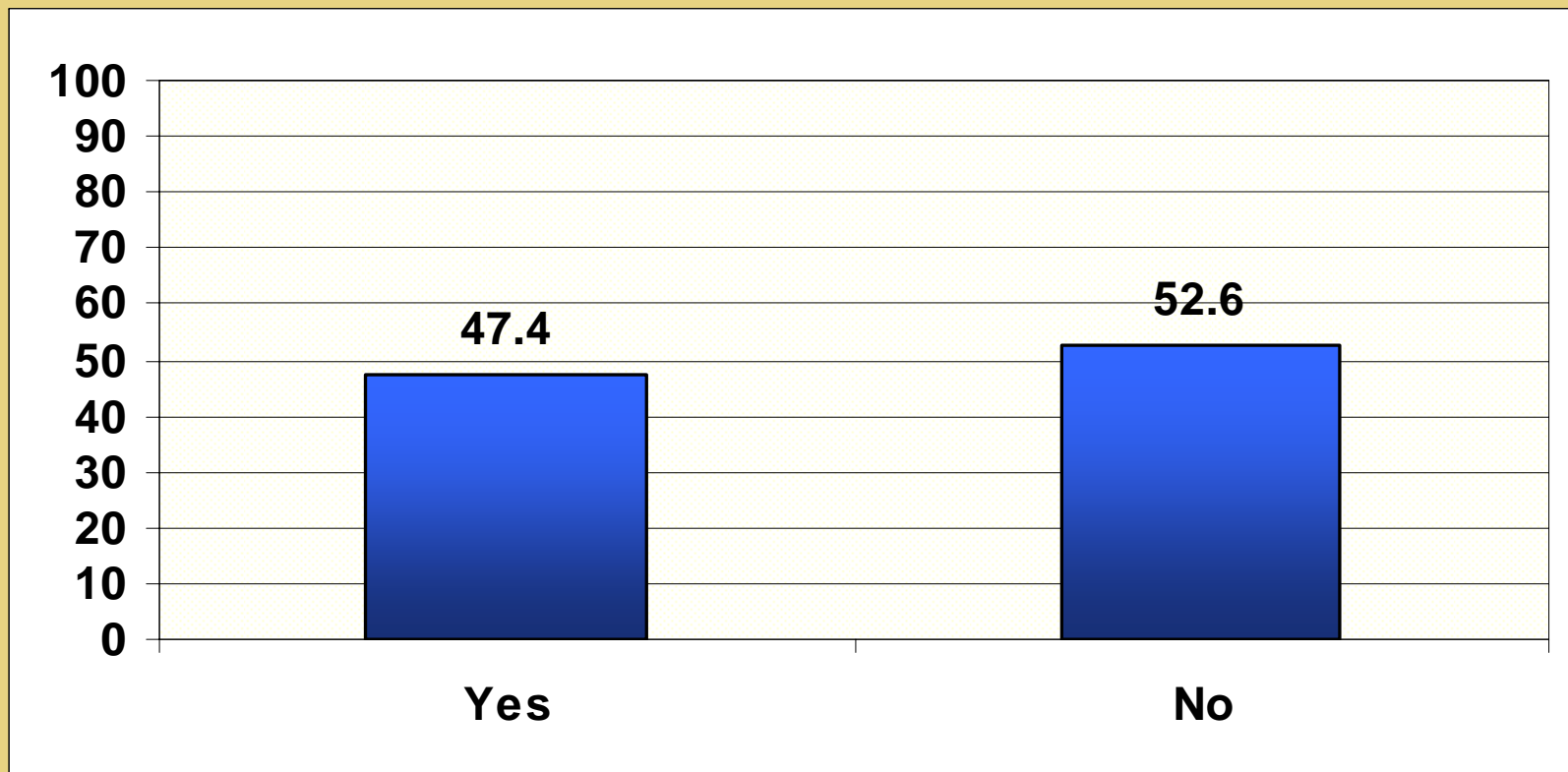
## *Results of Technical Assistance*

As a result of the technical assistance you were provided, have you made any changes to your business or do you plan to make changes?



## *Results of Technical Assistance*

If you made changes, have any of the changes you made helped you adjust to foreign competition?

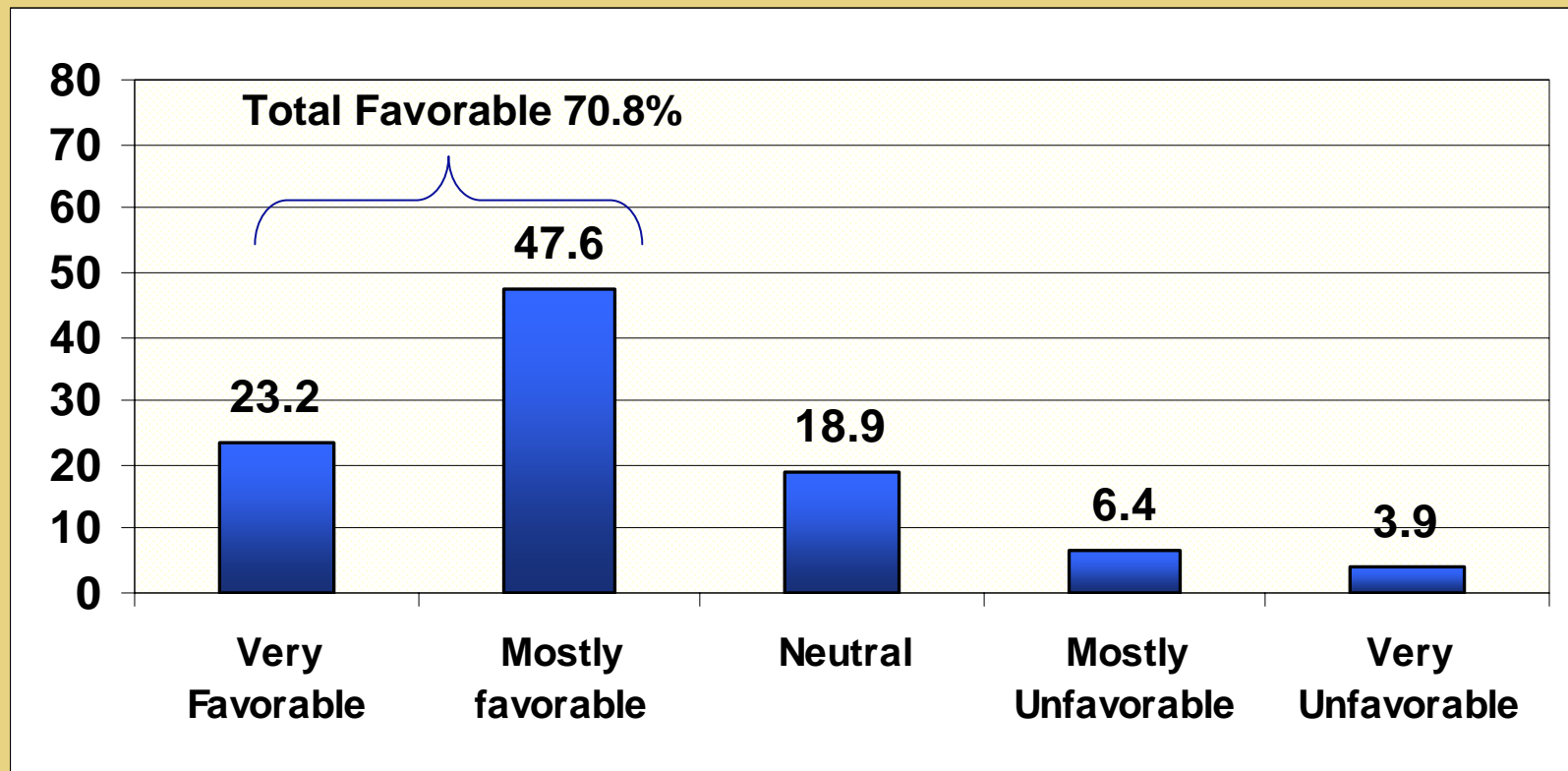


## *Technical Assistance*

- How valuable and effective did participants consider Technical Assistance?

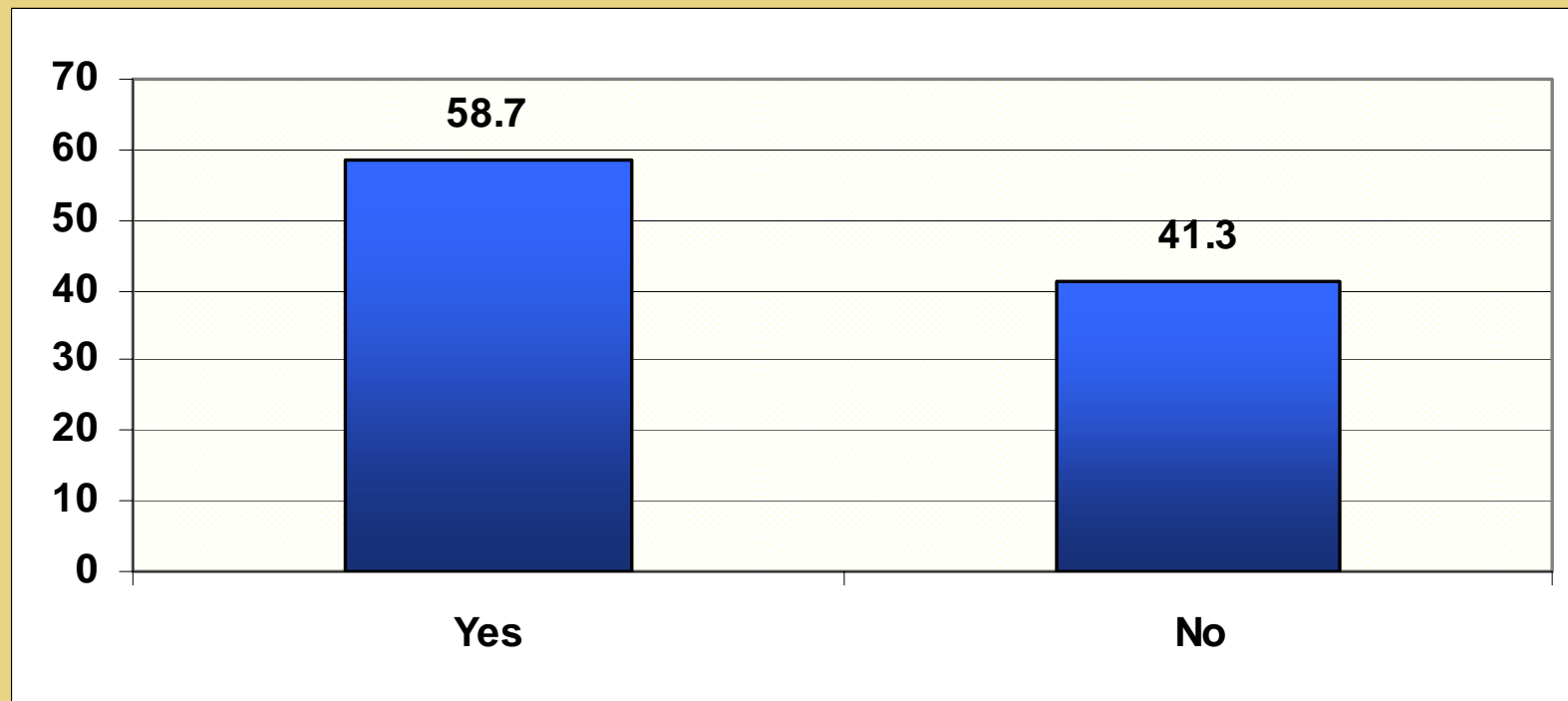
## *Producers and Fishermen Valued Technical Assistance*

How would you rate your overall impression of the technical assistance training provided by the workshop instructor?



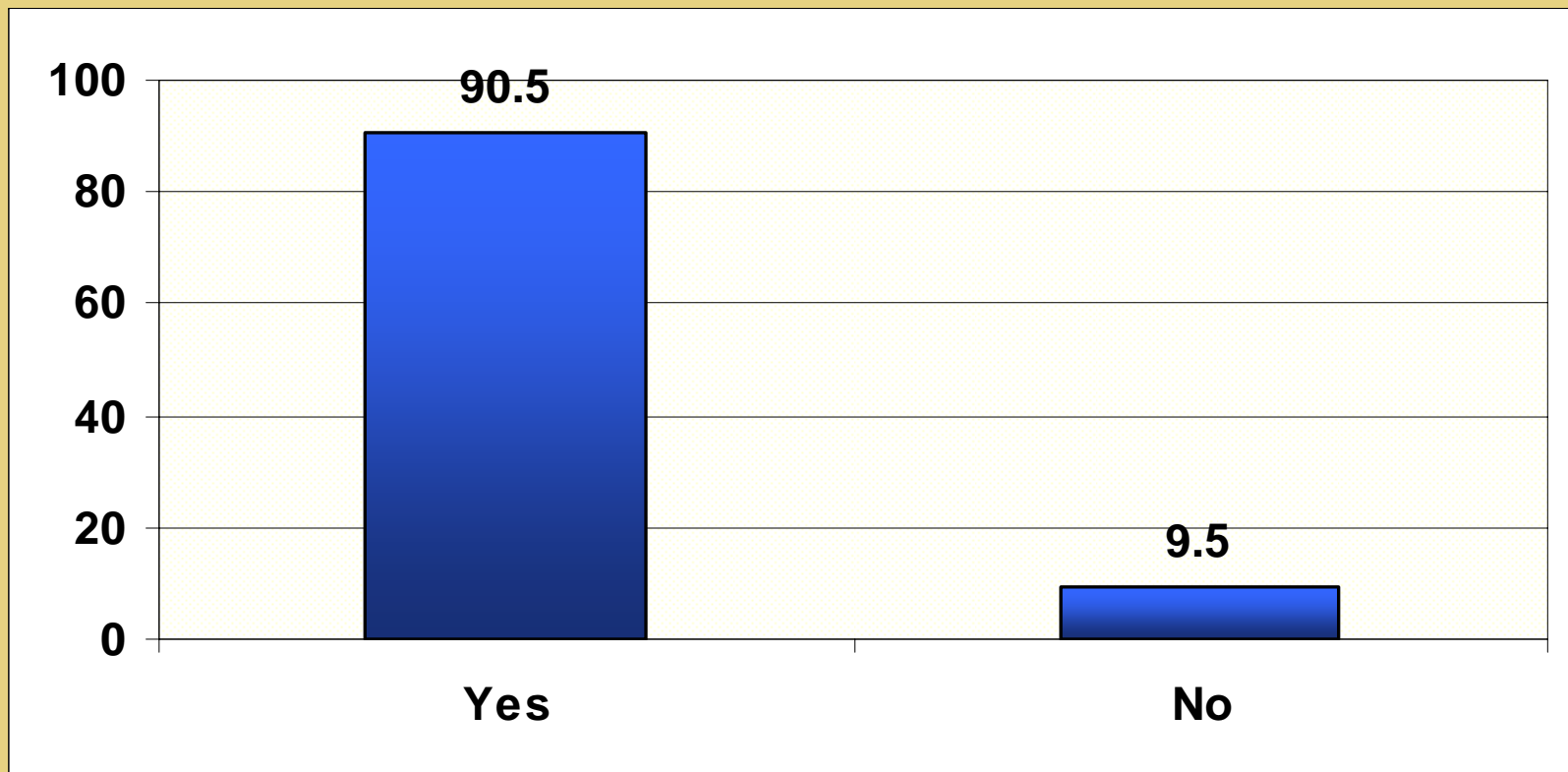
## *Producers and Fishermen Valued Technical Assistance*

Did the technical assistance you were provided help you make better business decisions?



## *Producers and Fishermen Valued Technical Assistance*

Was the information in the technical assistance presented to you in a way that was easily understood?

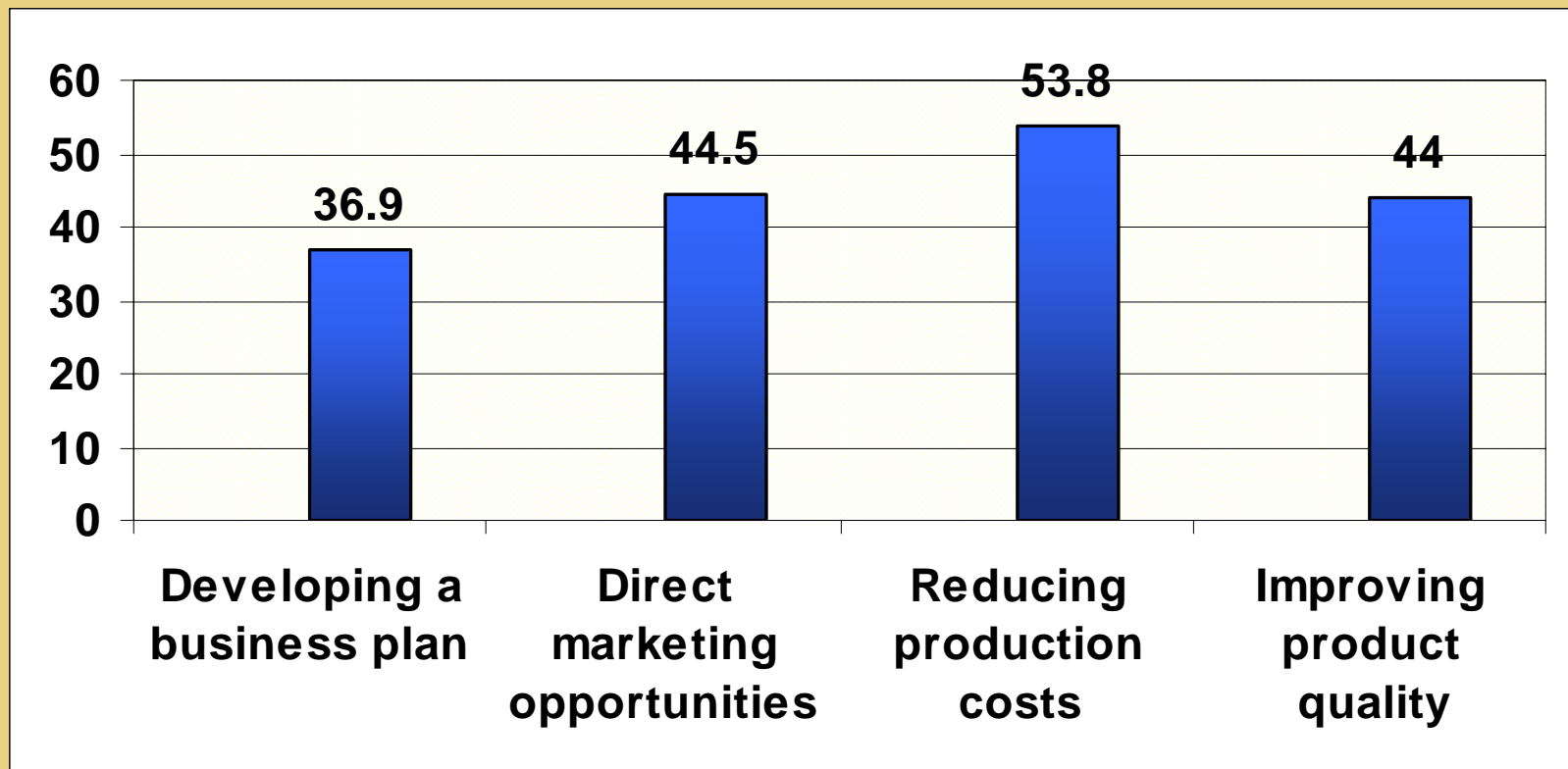


## *Intensive Technical Assistance*

- Additional technical assistance is desired by a significant number (36.4%) of participants.
- Intensive technical assistance is optional in-depth assistance to better enable applicants to adjust to import competition.

## *Intensive Technical Assistance*

With intensive technical assistance would you like to learn more about:

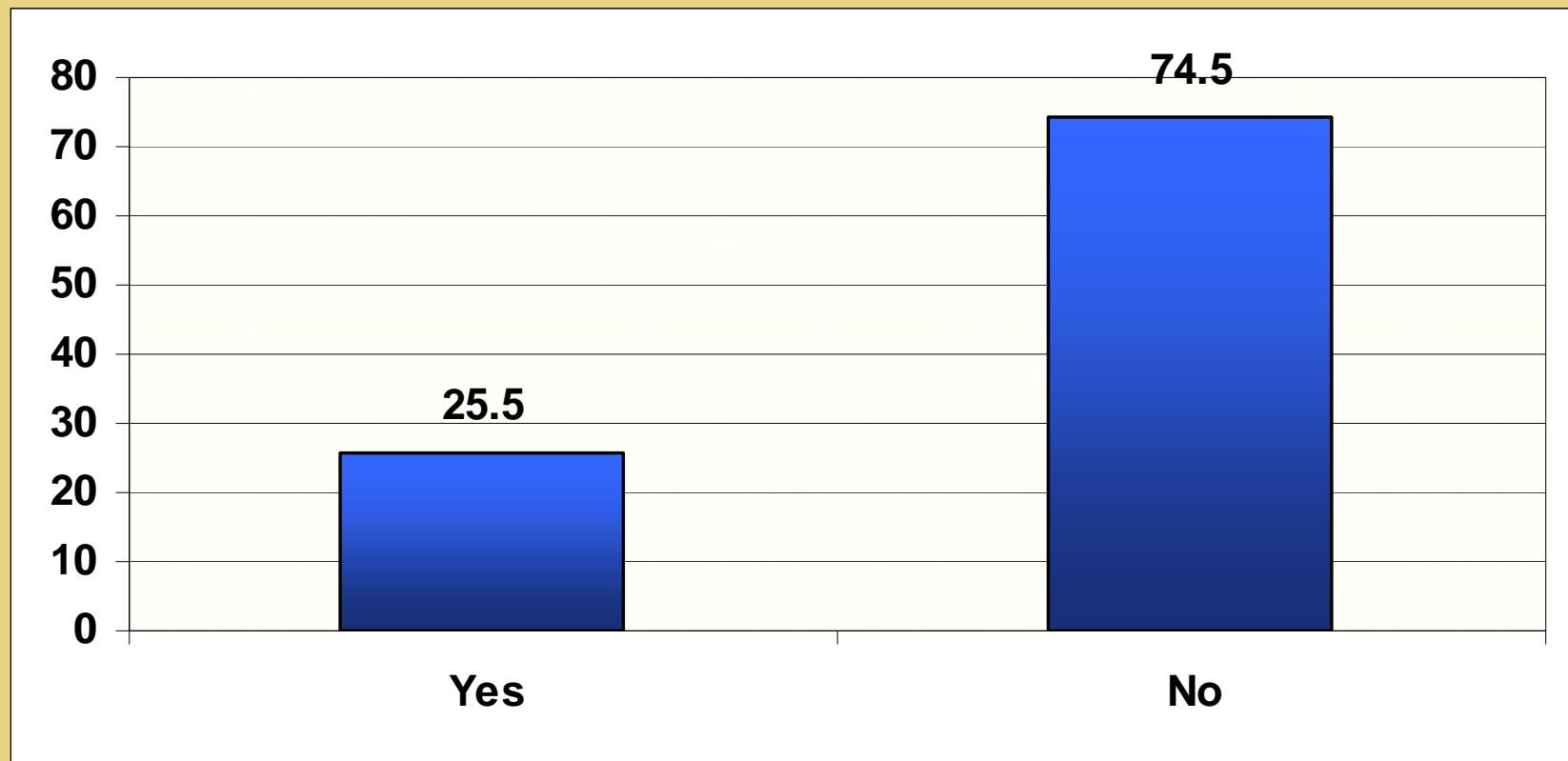


## *Cash Payments*

- Survey respondents indicated that cash payments also helped them adjust to import competition and improve profitability.

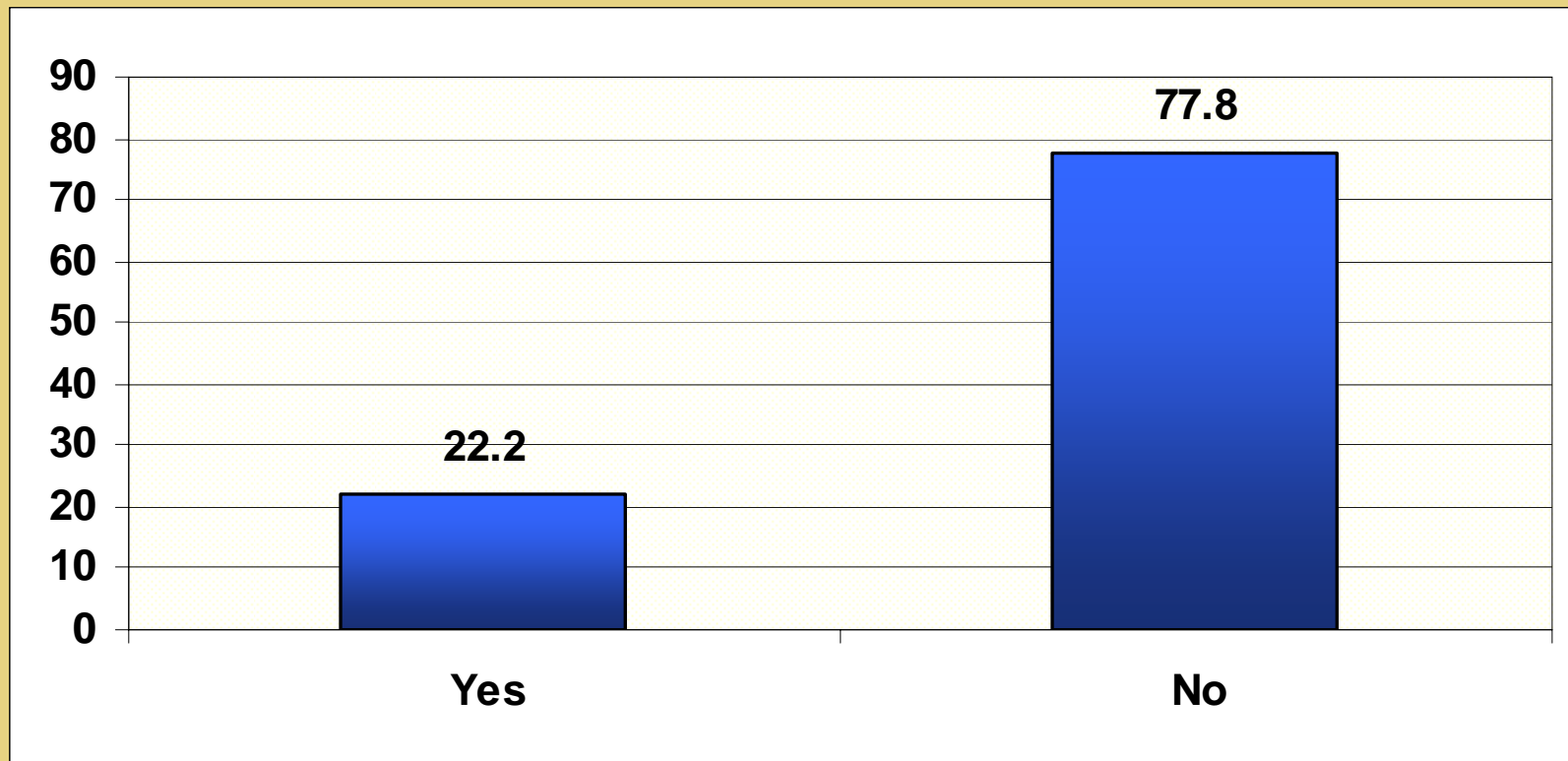
## Cash Payments

Did you make any changes to your business as a result of the cash payment?



## Cash Payments

Did TAA make your business better able to compete with foreign competition with delivery of the cash payment?

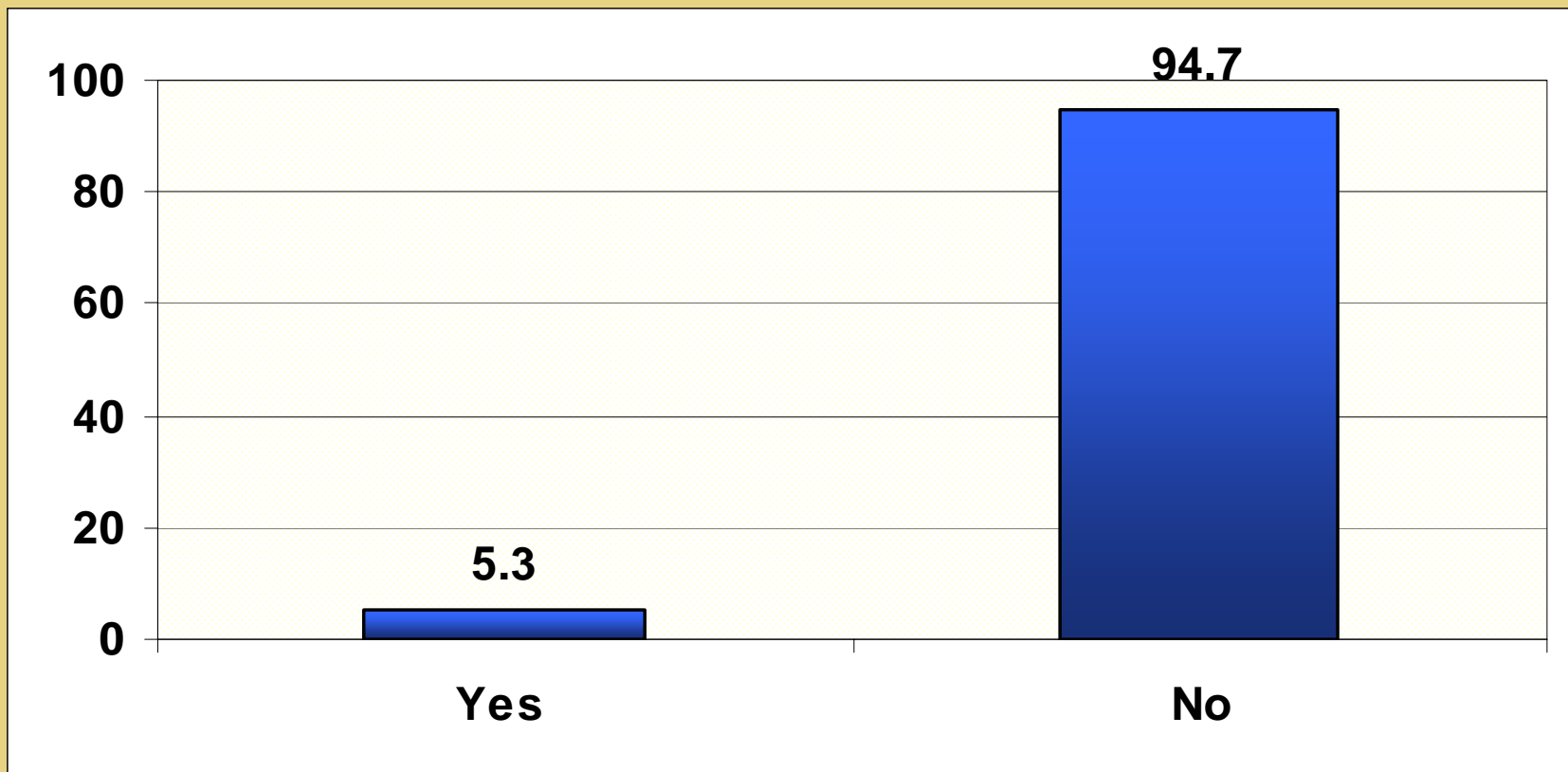


## *Department of Labor Retraining*

- Some farmers and fishermen utilized and benefited from Department of Labor retraining.

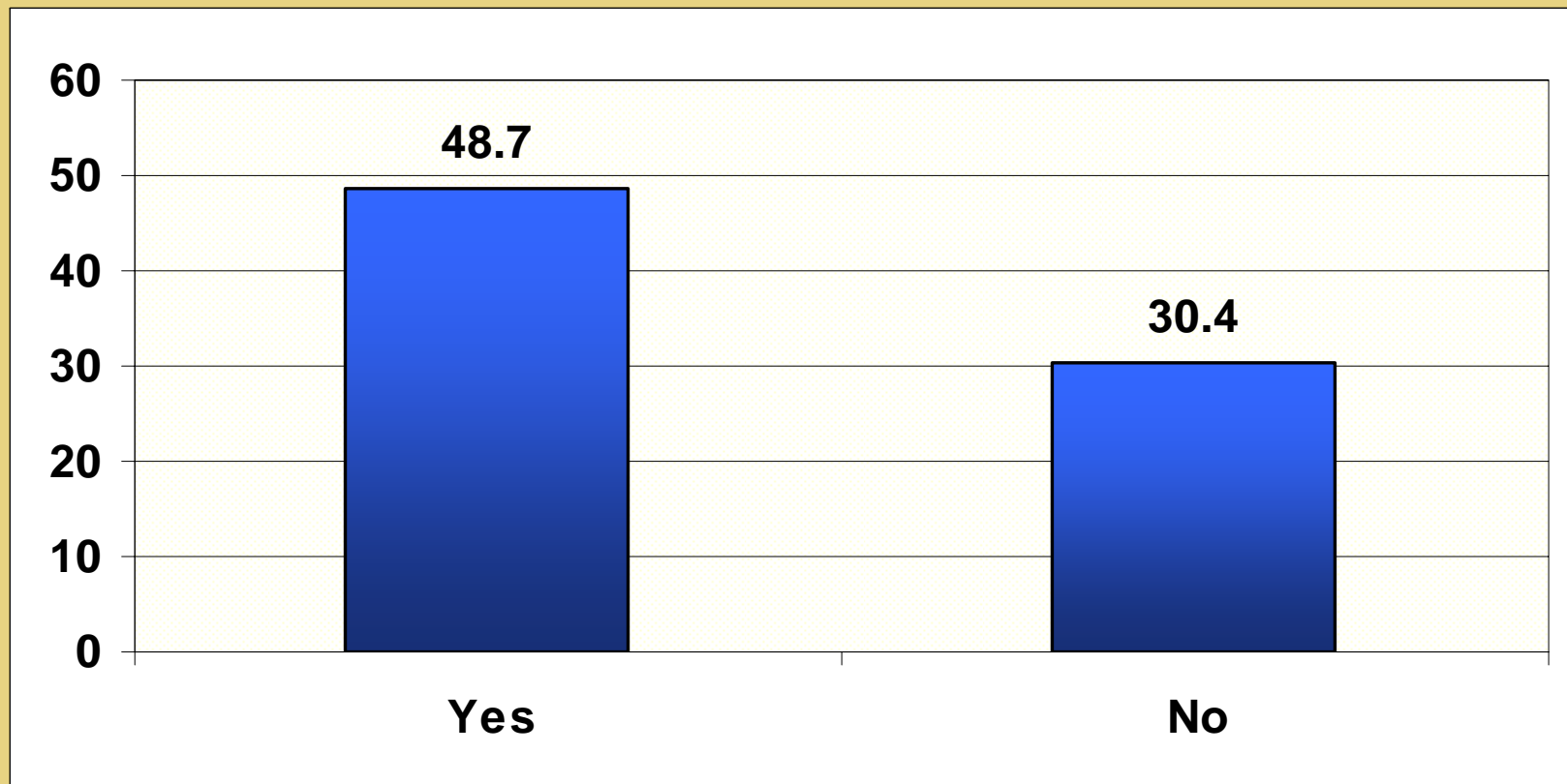
## *Department of Labor Retraining*

Have you received any retraining through the Department of Labor?



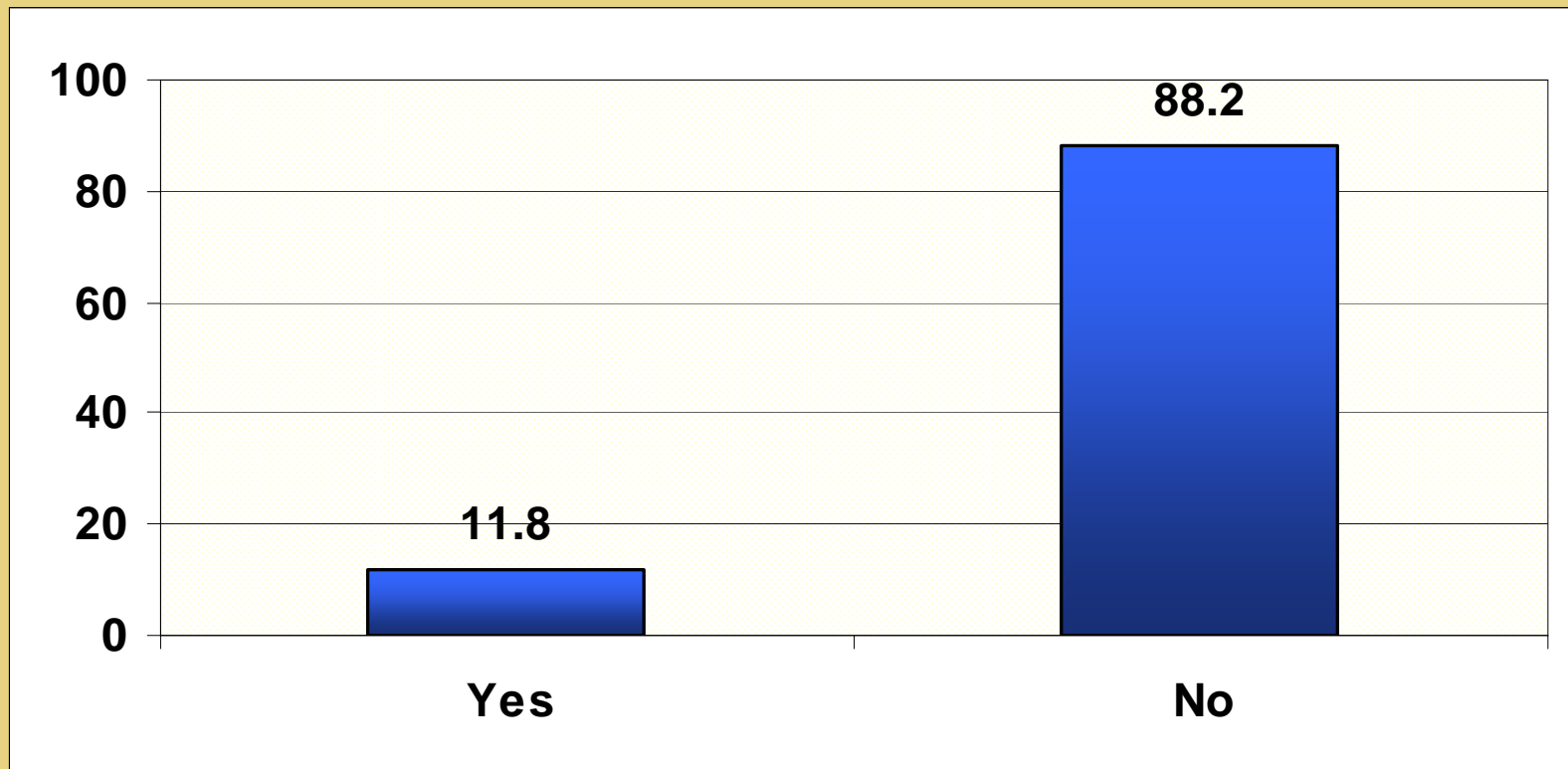
## *Department of Labor Retraining*

If you took the DOL training, did it help you transition out of your current commodity to a new source of employment?



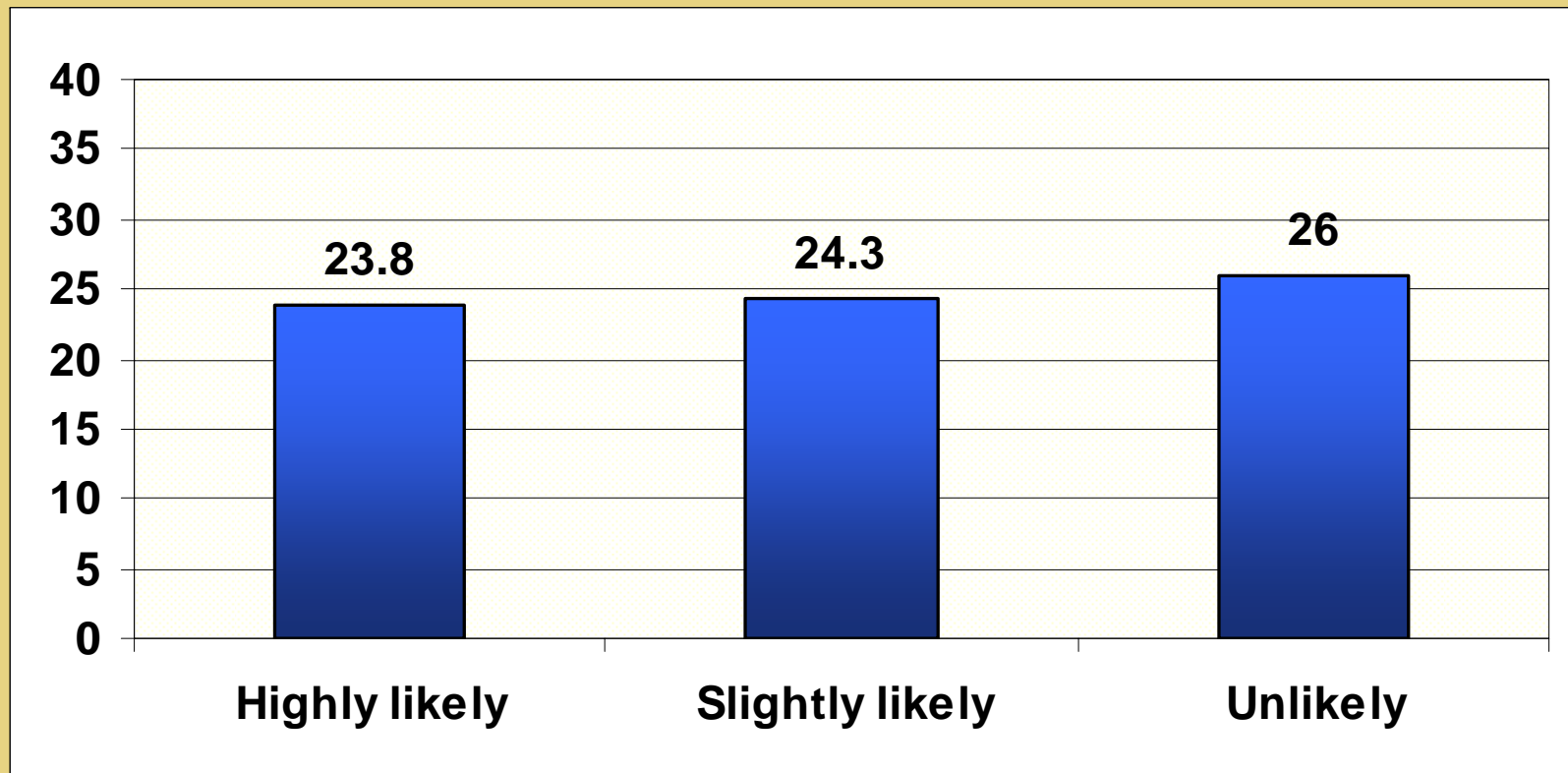
## *Department of Labor Retraining*

Have you changed jobs since enrolling in TAA?



## *Department of Labor Retraining*

More TAA participants answered they are likely to take the DOL retraining program in the future.

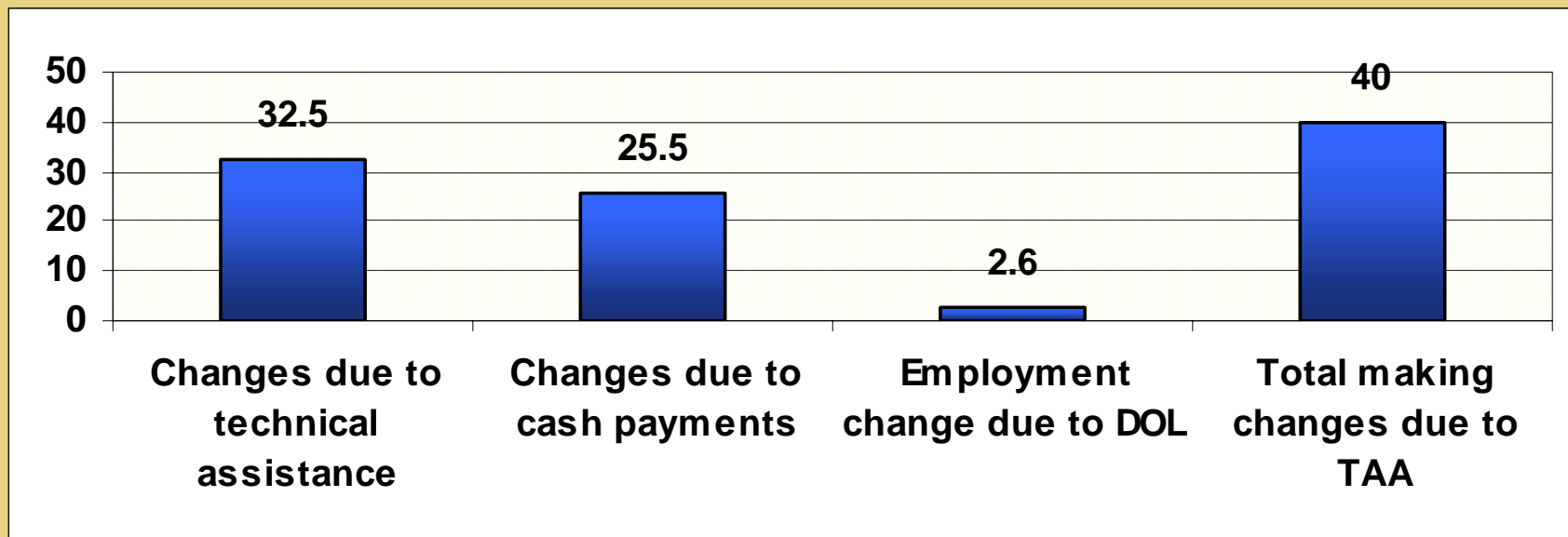


## *Overall Impact of TAA*

- Technical assistance, cash payments and job retraining all benefited participants.
- Many participants made changes to adjust to import competition due to a combination of these benefits.
- In general, participants had a positive perception of TAA.

## Overall Impact of TAA

Participants who made changes due to the various program benefits



# *Extension Leadership Team*

- Mark Bailey, National Program Leader
  - CSREES, Washington, D.C.
- Western Center for Risk Management Education
  - Washington State University
- North Central Risk Management Education Center
  - University of Nebraska
- Southern Region Risk Management Education Center
  - Texas A&M University
- Northeast Center for Risk Management Education
  - University of Delaware
- Digital Center for Risk Management Education
  - University of Minnesota