

An Update of the Trade Adjustment Assistance Program

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TAA for Farmers Legislation

- The TAA Reform Act of 2002 established a new program of trade adjustment assistance for farmers, providing technical assistance, cash benefits, and access to training and reemployment services offered through the Department of Labor.
- To be eligible, producers (farmers and fishermen) must demonstrate significant price declines (of at least 20 percent) as a result of increased imports.
- The statute authorizes an appropriation of not more than \$90 million for each fiscal year, from 2003 through 2007, to carry out the program.



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Producers Petition for a Commodity to Be Eligible for the Program

- In order to receive benefits, a group of producers (three or more) or their authorized representatives must submit a petition to USDA.
- There may be many producers represented under one petition. Petitioners may file on behalf of all producers in an impacted area of one or more states in the United States.
- The petition must include data showing how the price of the commodity has declined, justification for why the producers should be eligible for assistance, and other information.
- Petitions may be considered for recertification in subsequent years.



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Conditions for Certification

USDA certifies, or approves, petitions that meet the following criteria:

- Average price of the commodity in the marketing year¹ under review must be at least 20 percent less than the average price over the past 5 marketing years for which data are available
- Imports of directly competing products must have increased during the petition period
- Increase in imports must have “contributed importantly” to the price decrease
- Petition must be submitted to USDA between August 15 and January 31 of the following year

¹ “Marketing year” means the marketing season or year as defined by the National Agriculture Statistic Service, or a specific period as proposed by the petitioners and certified by the Administrator of the Foreign Agricultural Service.



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Producers Must Meet Additional Conditions to Receive Cash Payments

- Eligible producers include qualified fishermen or owners, operators, landlords, tenants, or sharecroppers who share in the risk of producing a commodity and are entitled to share in the crop available for marketing from the farm
- Producers must provide documentation that:
 - Net farm or net fishing income was less than what it was in the previous year²
 - Average gross revenue was less than \$2.5 million for the last 3 years
 - They received the technical assistance program provided by USDA's Cooperative State Research, Education, and Extension Service (CSREES)

² For petition recertification, producers must provide documentation that their net farm or fishing income was less than in the last year in which no adjustment assistance was received.



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Producers of Certified Commodities Must Apply to Receive Benefits

- After USDA certifies a petition, any producer of that commodity wishing to receive benefits must apply to receive the following benefits:
 - technical assistance training to improve competitiveness and marketability of the adversely affected commodity and to assess feasibility of substituting a new commodity and
 - annual cash payment for those who meet criteria each year
- Producers who are eligible for cash payments may also be eligible for career training and reemployment services through Labor



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Producers' Cash Benefits Are Capped

- Each producer can receive no more than \$10,000 in TAA payments per federal fiscal year.
- Each producer must receive less than \$65,000 a year in both TAA payments and countercyclical payments, which are another form of federal farm income support for certain commodities.
- Payments are based on a standard formula, which is designed to replace a portion of the lost income from a price decline.



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Certified Petitions, Fiscal Years 2004-2006

<u>2004</u>	<u>2005</u>	<u>2006</u>
Cattfish (multistate)	Concord grapes (PA, NY, OH)	Avocados (Florida)
Lychees (Florida)	Fresh potatoes (Idaho)	Concord grapes (Michigan)
Salmon (Alaska)	Lychees (Florida)	Concord grapes (Washington)
Salmon (Washington)	Olives (California)	Snapdragons (Indiana)
Shrimp (Alabama)	Salmon (Alaska)	
Shrimp (Arizona)	Salmon (Washington)	
Shrimp (Florida) ^a	Shrimp (Alabama)	
Shrimp (Georgia)	Shrimp (Arizona)	
Shrimp (North Carolina)	Shrimp (Georgia)	
Shrimp (South Carolina)	Shrimp (Louisiana)	
Shrimp (Texas)	Shrimp (Mississippi)	
Wild blueberries (Maine)	Shrimp (North Carolina)	
	Shrimp (South Carolina)	
	Shrimp (Texas)	

^a While the first petition submitted on behalf of Florida shrimp producers was denied, USDA certified a revised petition submitted in the same fiscal year.



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Denied Petitions, Fiscal Years 2004-2006

2004

Alfalfa seed (regional)
Catfish (Michigan)
Crawfish (Louisiana)
Garlic (California)
Longans (Florida)
Navel oranges (California)
Olives (California)
Prawns (Kentucky)
Rice (national)
Salmon (Oregon)
Shrimp (Florida)
Shrimp (Mississippi)
York apples (Virginia)

2005

Avocados (Florida)
Cabbages (New York)
Catfish (multistate)
Seed potatoes (Washington)
Shrimp (Florida)
Wild blueberries (Maine)

2006

Concord grapes (PA, OH, NY)
Fresh potatoes (Idaho)
Lychees (Florida)
Olives (California)
Potatoes (Washington)
Salmon (Alaska)
Salmon (Washington)
Shrimp (Alabama)
Shrimp (Arizona)
Shrimp (Georgia)
Shrimp (Louisiana)
Shrimp (Mississippi)
Shrimp (North Carolina)
Shrimp (South Carolina)
Shrimp (Texas)



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Phase One: Basic Technical Assistance Curriculum

- Mandatory workshop for all certified producers who wish to apply for cash benefits, divided into four areas:
 - **Overview**—informs producers of program and other assistance available
 - **Where am I?**—includes discussions on world trade situation and outlook, evaluating financial viability of the business, etc.
 - **Where do I want to be?**—includes discussions on production efficiencies, marketing opportunities, and alternative enterprises
 - **How do I get there?**—includes brief discussion on resources available at Phase Two training



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Phase Two: Intensive Technical Assistance Curriculum

- Optional program available to producers since January 2006 that provides individual counseling to improve competitiveness and profitability, specifically addressing:
 - **commodity assessment**—provides advice on producing a higher quality product, reducing production costs, etc.;
 - **assistance analyzing business and options**—provides resources for producers to develop a financial analysis of current business, new marketing plan, etc.; and
 - **written technical assistance plan**—includes financial projection of selected alternatives, business and marketing plan, and an implementation plan.



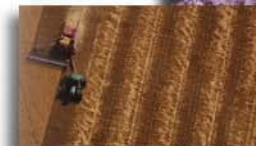
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TAA Survey: Washington State

- **Nationwide including AK**
- **Mixed Mode--Mail, Web, Telephone data collection.**
 - 4 mail contacts w/ web link offered.
 - Telephone follow-up with non-respondents.
- **Response rate average overall 56.4% (46.35% usable)**
 - Lowest response sub group 43.5% WA salmon.
 - Highest response subgroup 80.86% Concord Grapes.
- **High level of accuracy --- zero or no sample error.**
 - 0% sample error as the population was contacted for most state commodities, i.e. they were not sampled.
 - Less than 5% sample error --- 3 state commodities required random sampling out of population lists.



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Profile of All Respondents to Survey

- **Gender: 88% male and 12% female.**
- **Primary Language:**
 - 79% English**
 - 5% Spanish**
 - <1% Russian**
 - 9% Vietnamese**
 - 7% Other**
- **9 major Commodity groups represented:**
 - **Blueberries, Catfish, Concord grapes, Lychees, Olives-CA, Potatoes-ID, Salmon-WA, Salmon-AK, and Shrimp-for 8 states.**



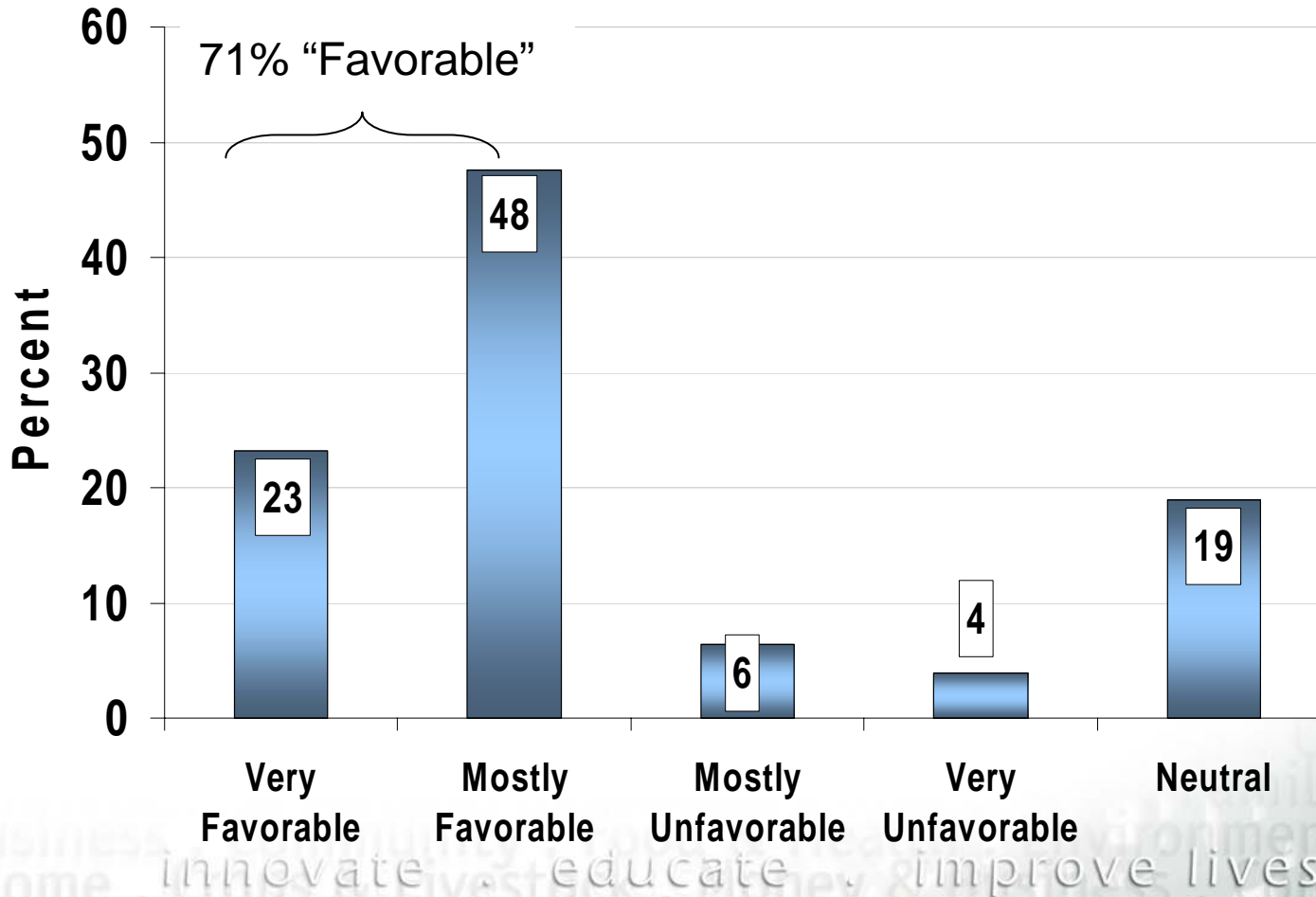
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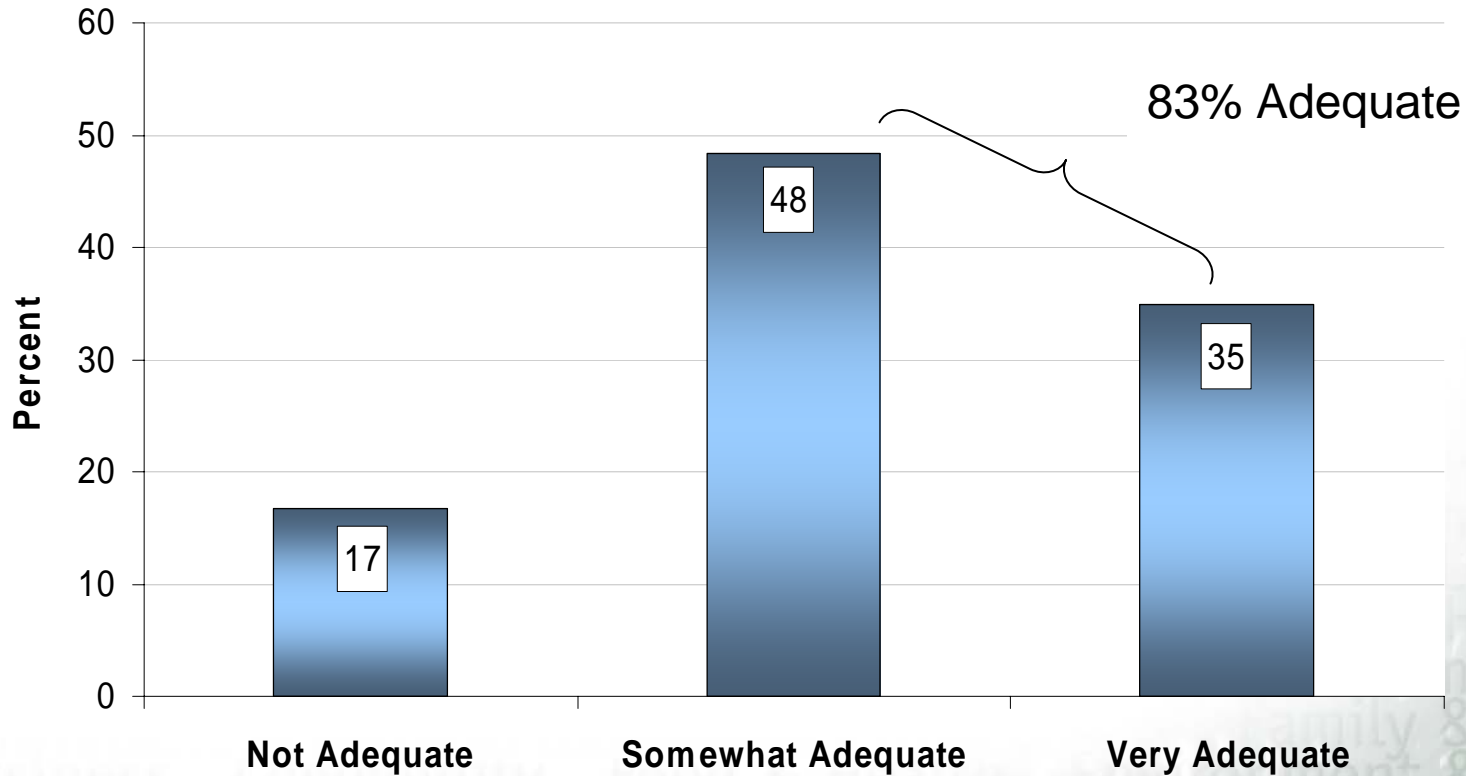
Rating of Technical Assistance Training

How would you rate your overall impression of the technical assistance training provided by the workshop instructor? (Q03)



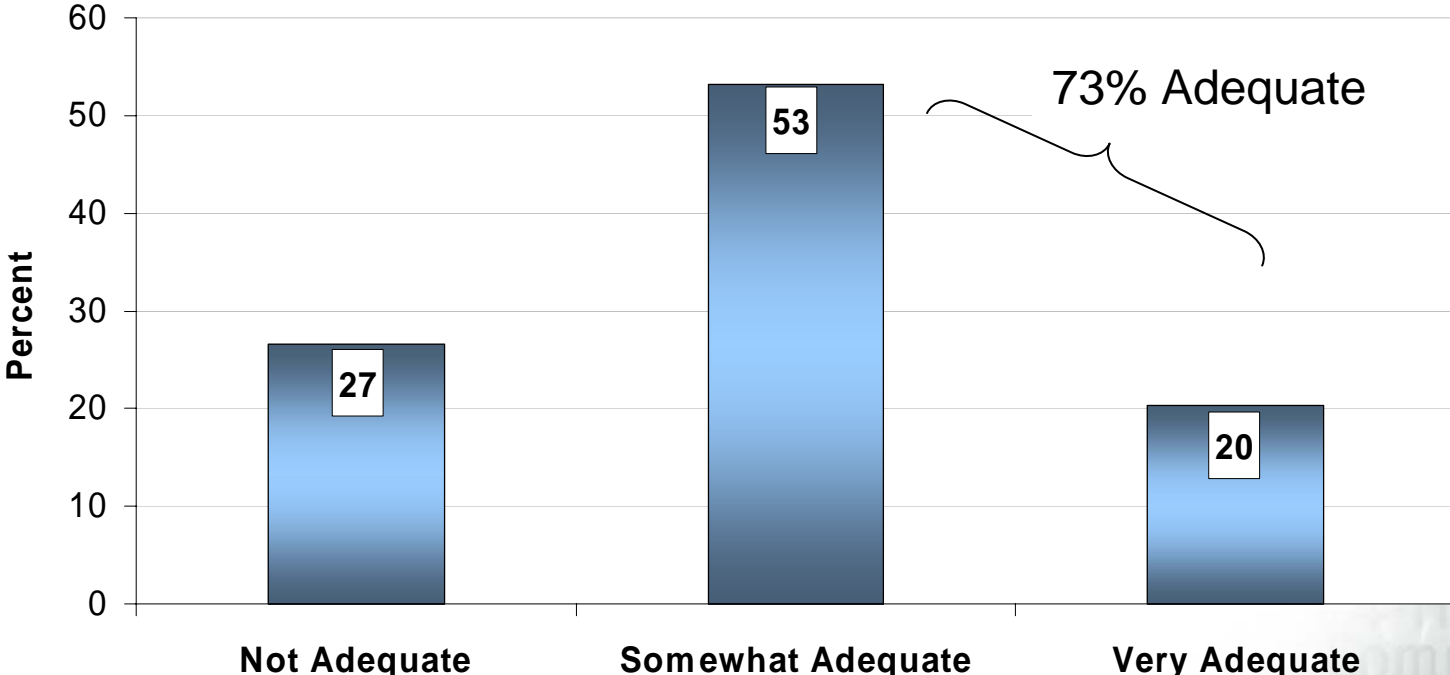
How adequate was the information presented in helping you understand...

Global <COMMODITY> markets and how the price you receive is adversely impacted by foreign competition (Q06A)



How adequate was the information presented in helping you understand...

Specific ways to improve profitability of your <COMMODITY > production that you had not considered or tried before? (Q06C)



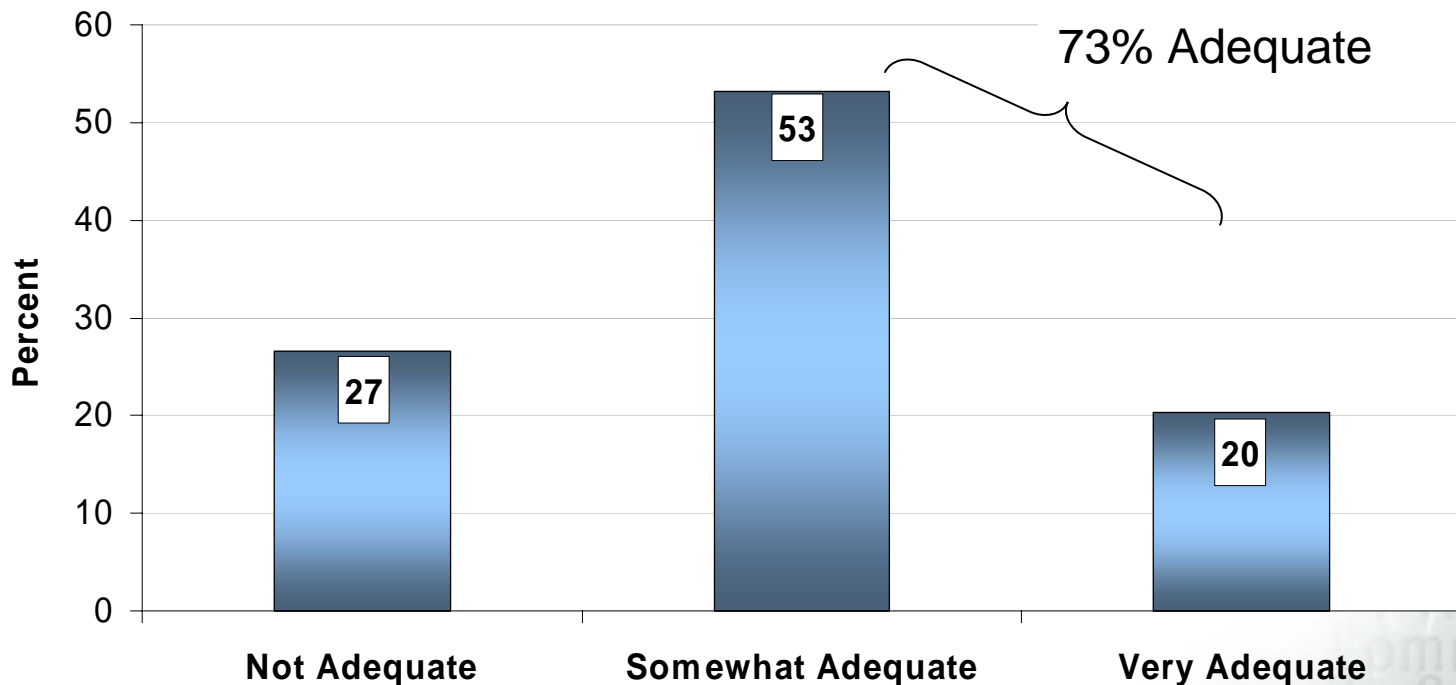
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How adequate was the information presented in helping you understand...

Specific ways to improve profitability of your <COMMODITY > production that you had not considered or tried before? (Q06C)



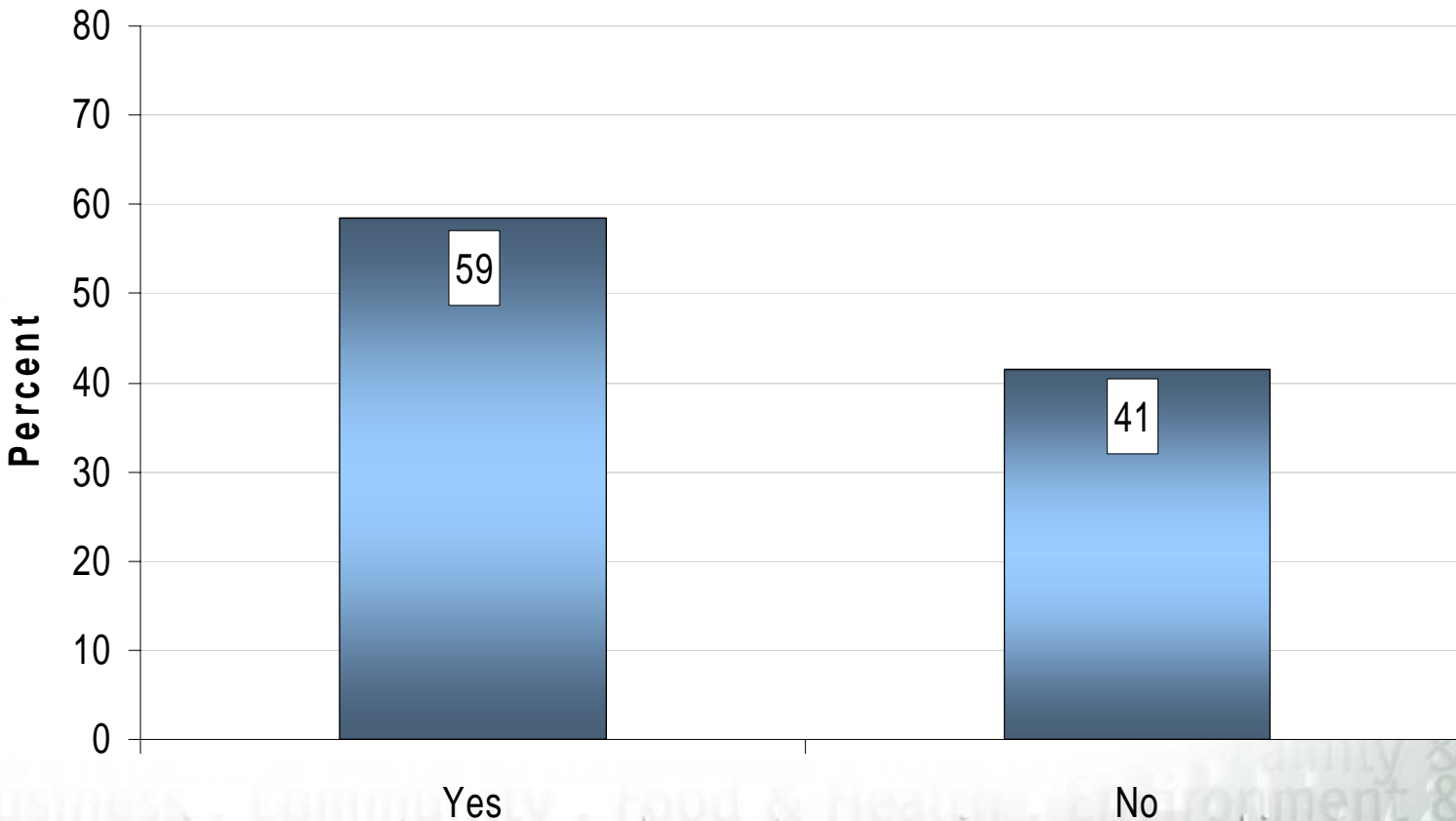
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As a result of TAA training did you learn or gain..

Information that helped you make better business decisions?
(Q07B)

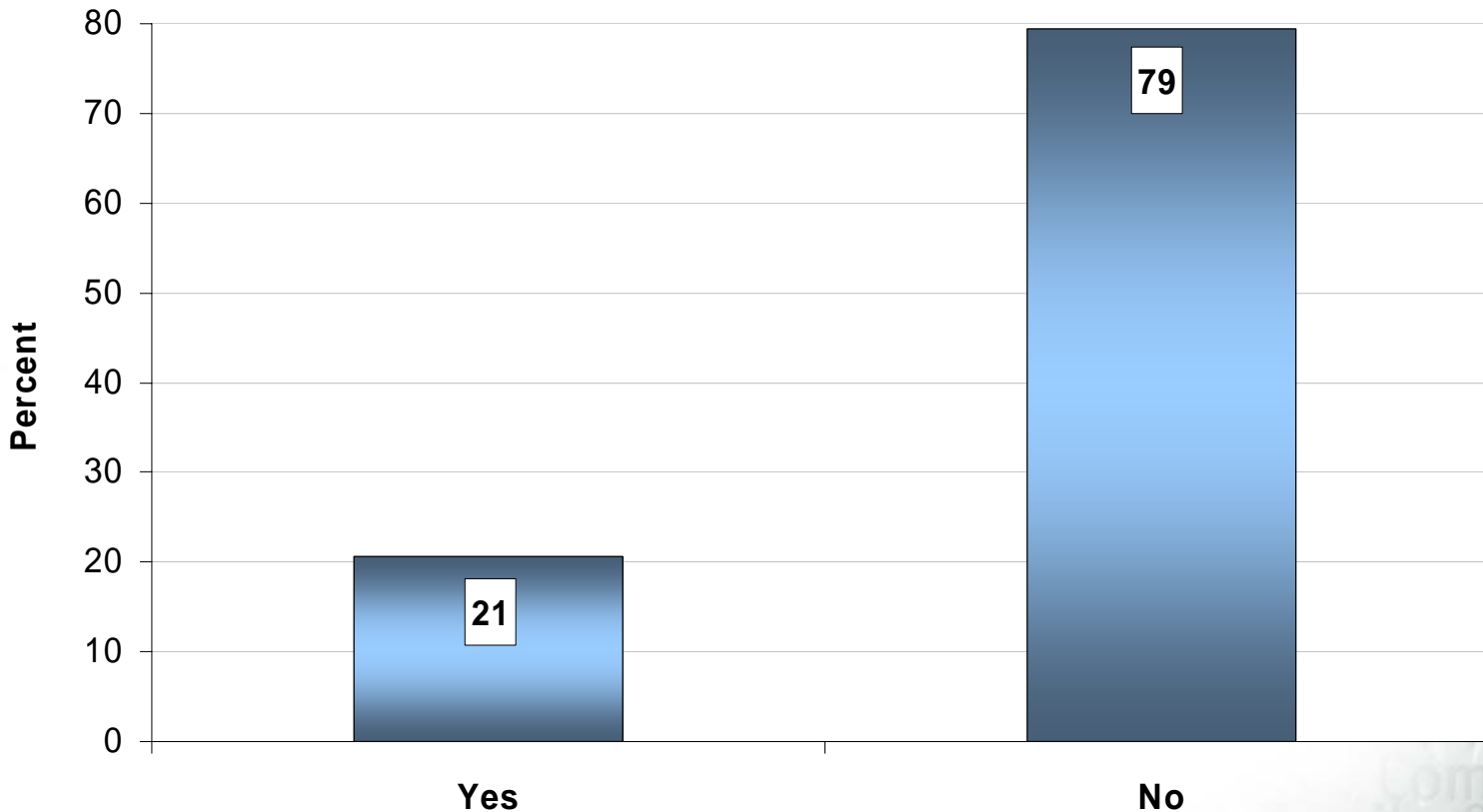


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Have you made any changes in your business as a result of attending the TAA training? (Q8)

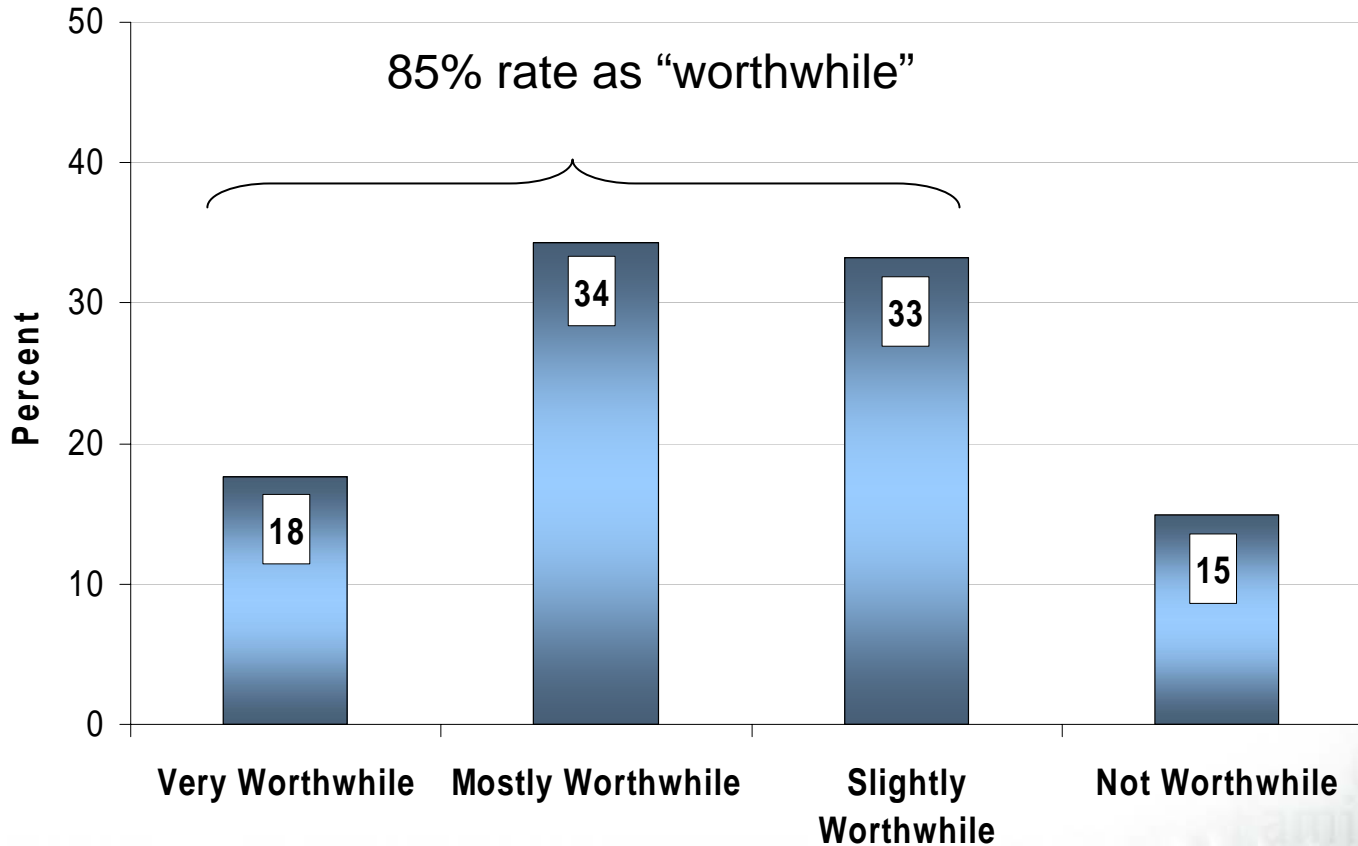


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How worthwhile was this course to you as a professional in the work that you do? (Q16)

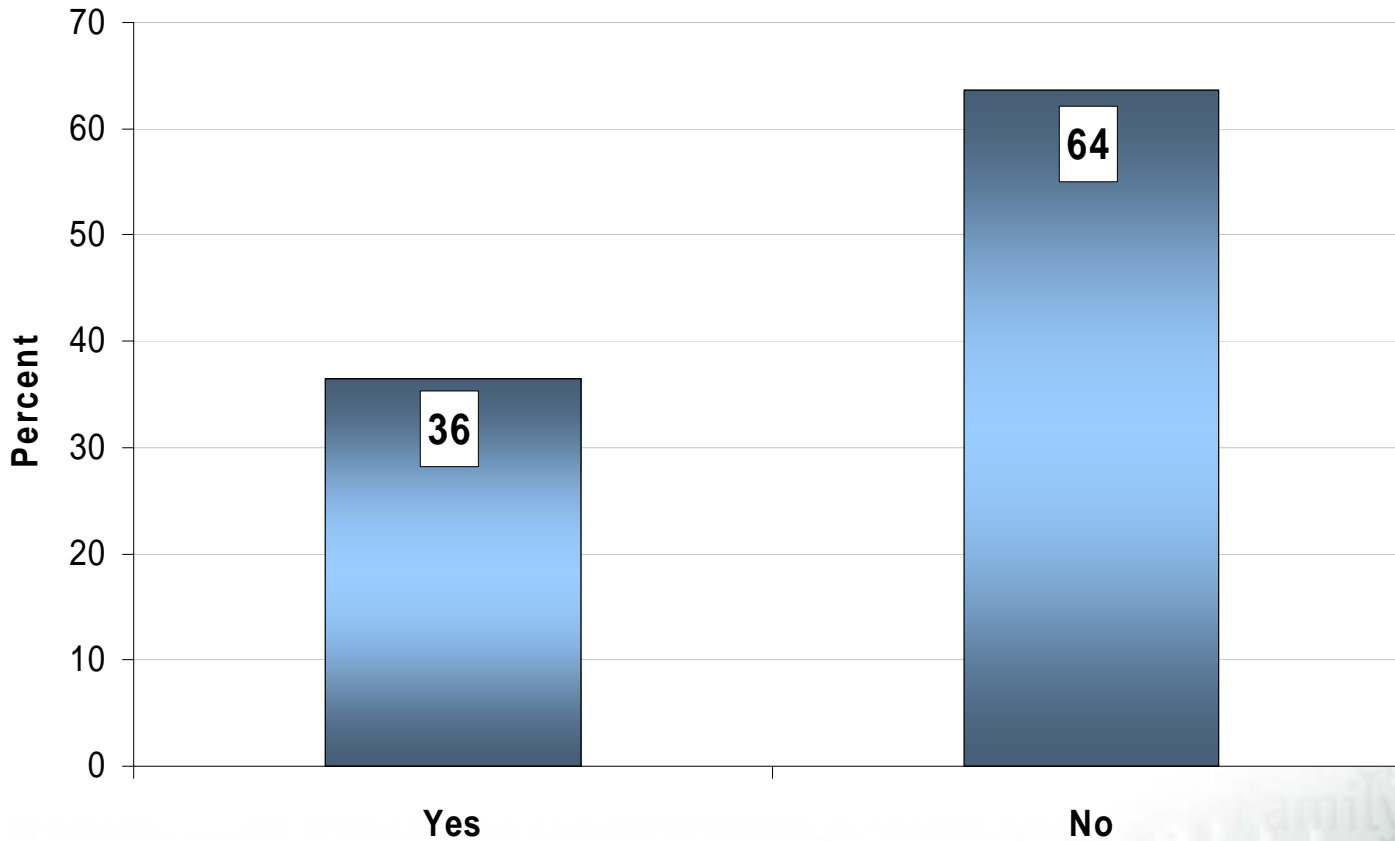


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Are you interested in additional more intensive business management training? (Q25)

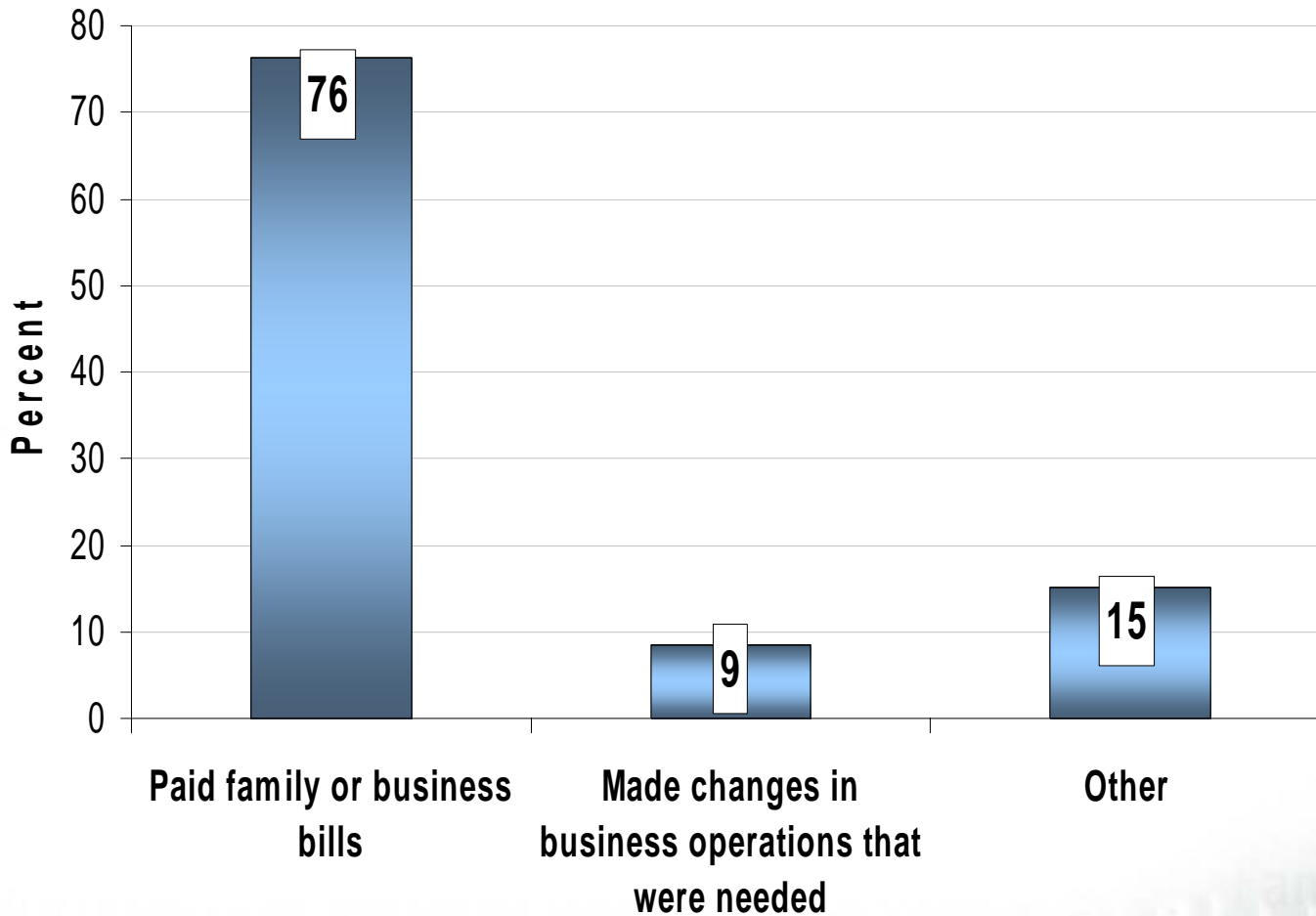


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What was the ONE main way you used the cash payment? (Q30)



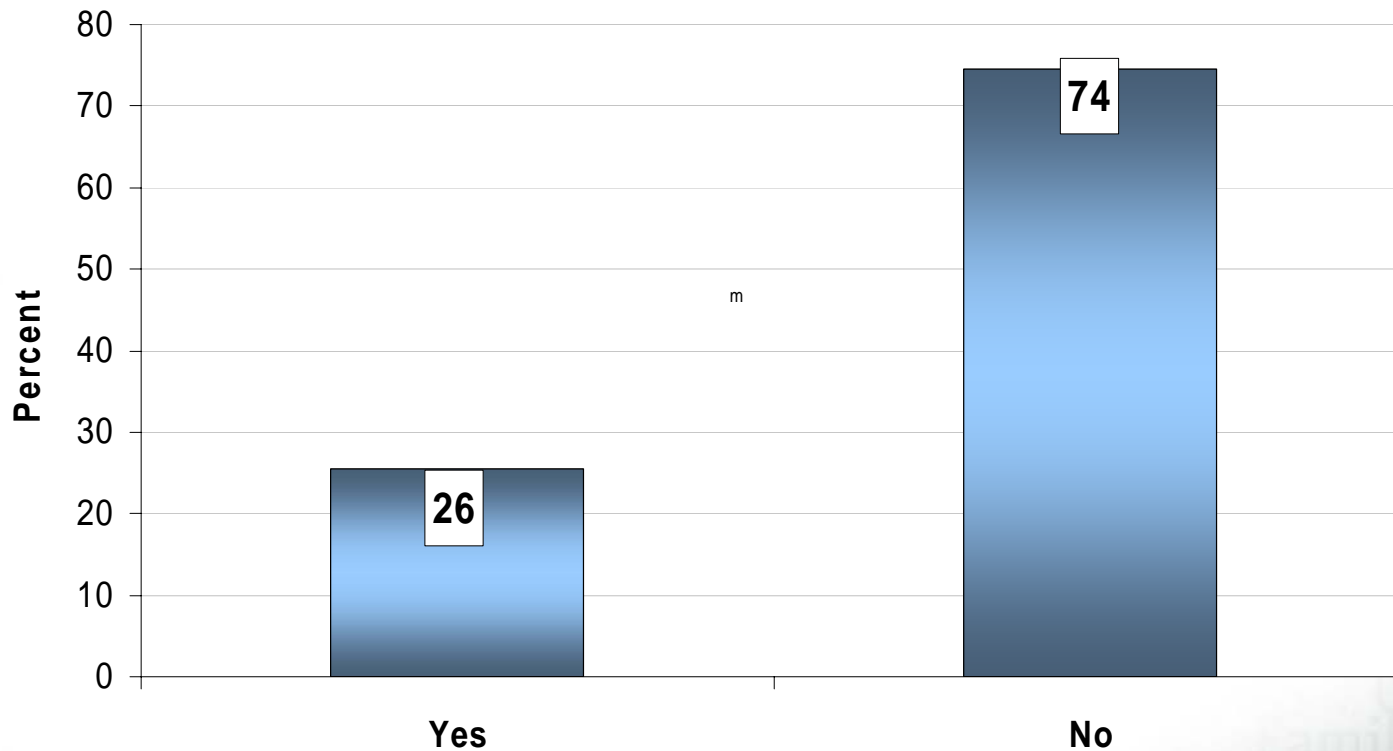
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As a result of the cash payment did you...

make any changes to your business operation due to the cash payment? (Q31A)

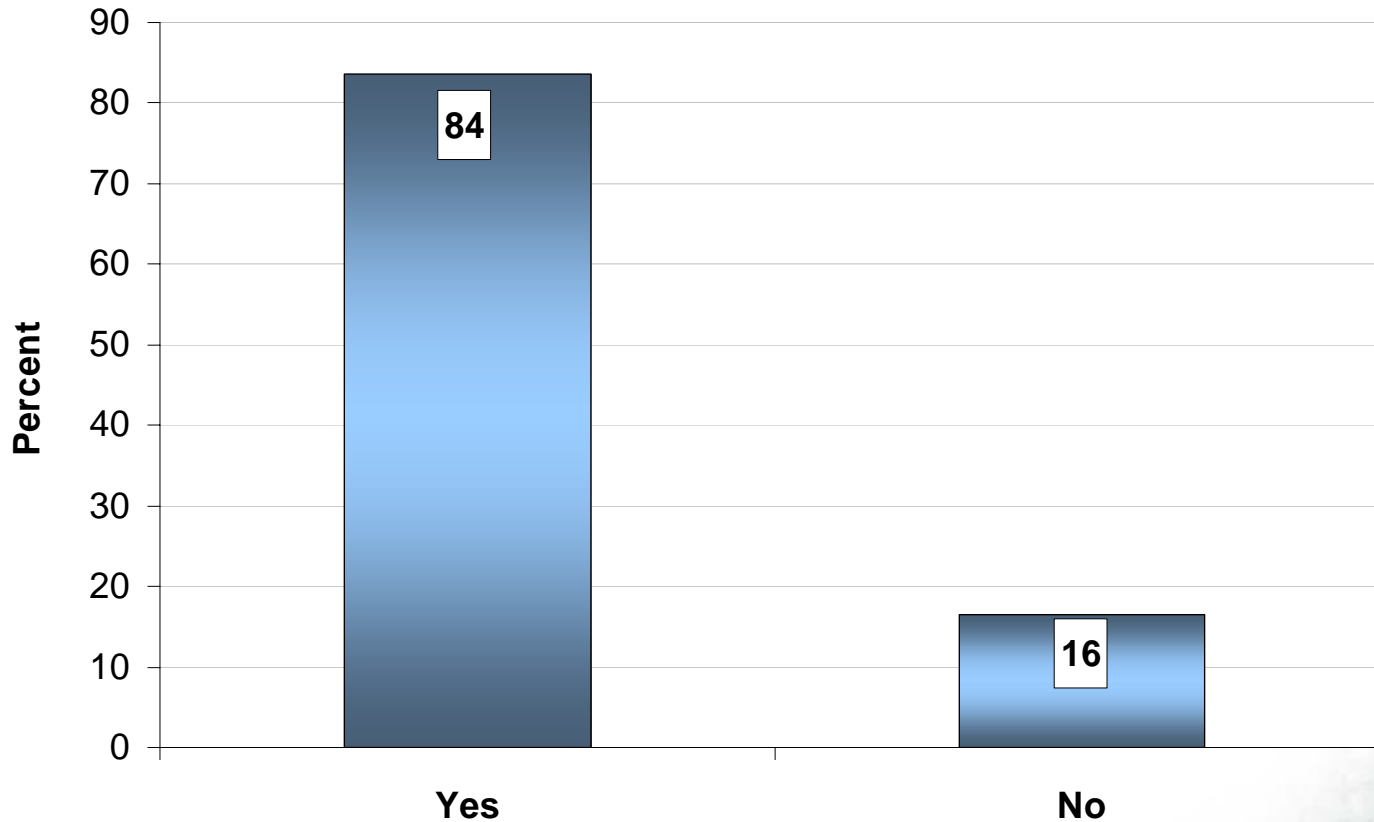


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Was the amount of money received from the TAA program worth the effort? (Q33)

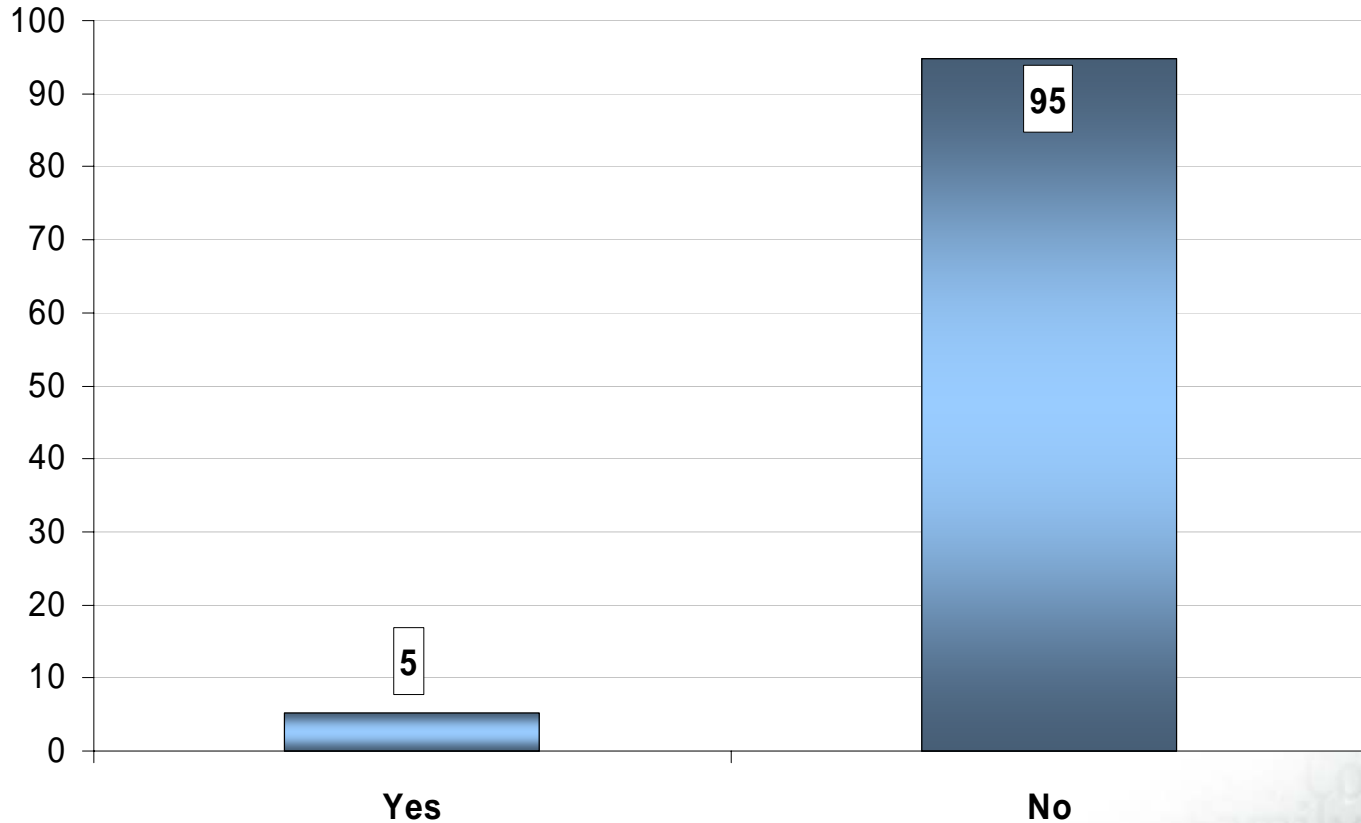


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Have you received any retraining through the Department of Labor? (Q34)

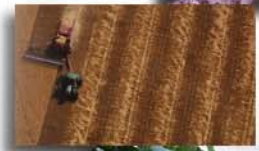
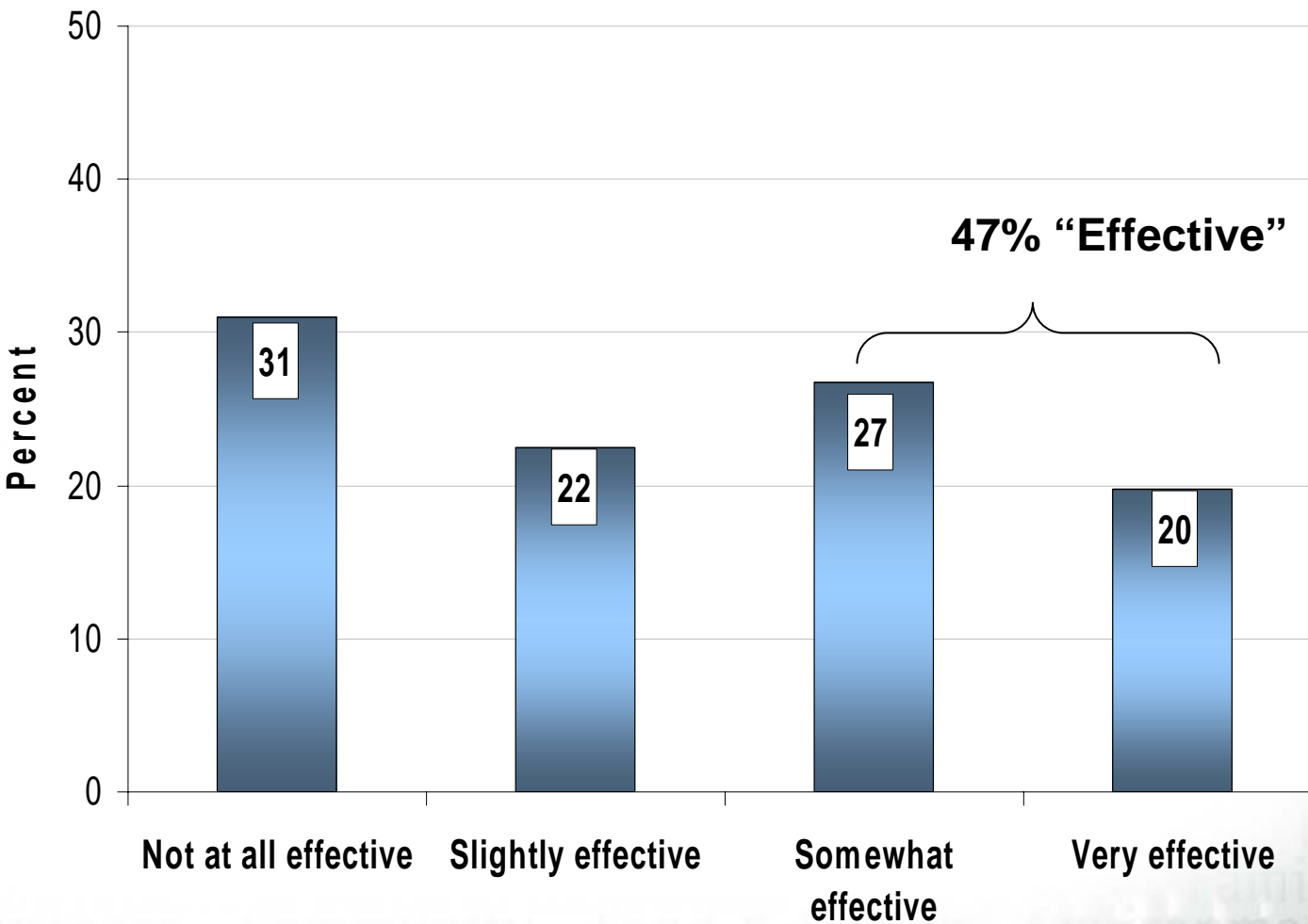


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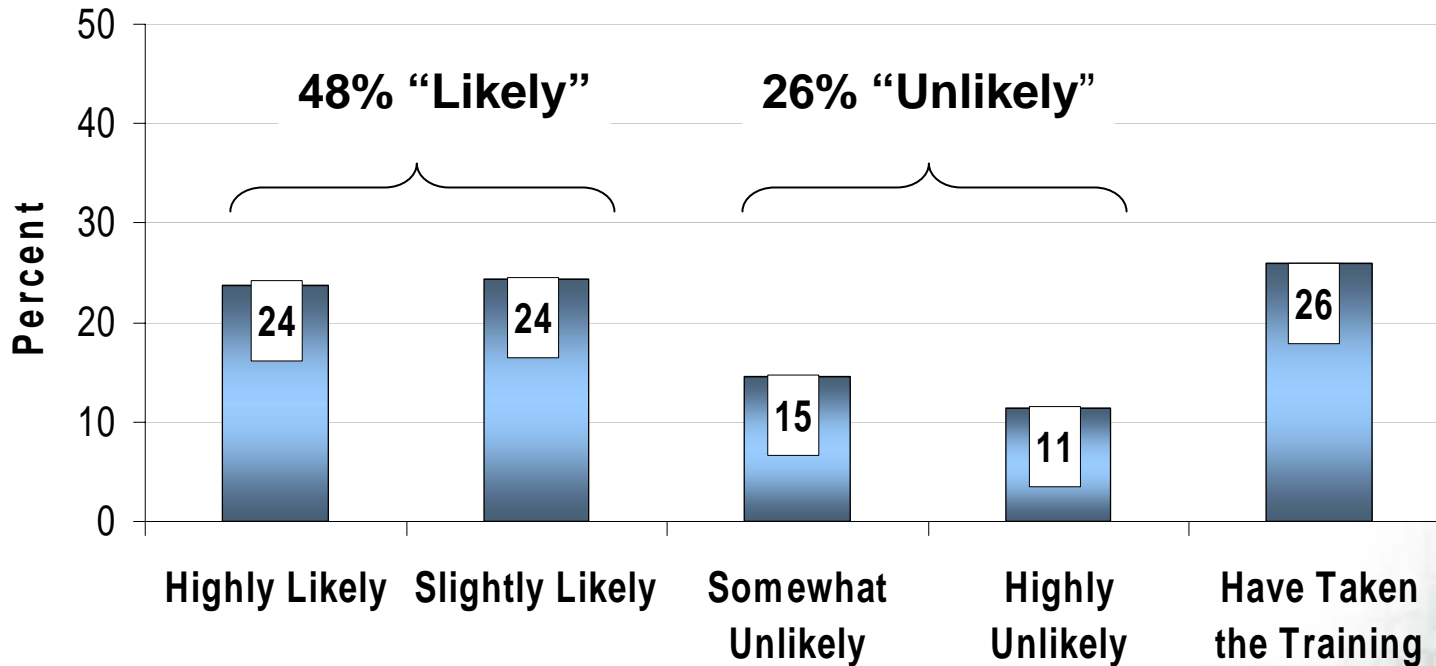


How effective was this training for helping you transition out of ...production to a new source of employment or livelihood? (Q36)



The Department of Labor training is available to you at anytime in the future.

If you have not already taken the training, how likely is it that you will do so in the future? (Q37)



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Summary

- TAA program has in general been very successful
- Basic and intensified training have been worthwhile
- Provides Extension contact with groups we may have not otherwise served
- TAA program to expire September 30, 2007
- Congress will likely renew (probably not in time for petitions for this fall)



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