

**TEXAS FFA ASSOCIATION  
LEADERSHIP DEVELOPMENT EVENTS**



**ISSUES AND CURRENT EVENT**

**BRIEFS**

**FOR THE  
2007 SENIOR QUIZ EVENT**

## 1. National Issue:

### Agricultural Education—Carl D. Perkins Act Reauthorization, Funding

For agricultural education and all of career and technical education, a continuing issue at the federal level is the funding of the **Carl D. Perkins Vocational and Technical Education Act**.

The Carl D. Perkins Vocational and Technical Education Act (Perkins) was originally **authorized** in 1984. The most recent reauthorization occurred in 2006 President George W. Bush signed into law this reauthorization on August 12, 2006. The purpose of Perkins is to provide individuals with the academic and technical skills needed to succeed in a knowledge- and skills-based economy. Perkins supports career and technical education that prepares its students both for postsecondary education and the careers of their choice.

Federal resources help ensure that career and technical education programs are academically rigorous and up-to-date with the needs of business and industry. The federal contribution to career and technical education, about \$1.2 billion annually, supports innovation and expands access to quality programs. State and local funding supports the career and technical education infrastructure and pays teachers' salaries and other operating expenses.

In addition to providing the principal source for innovation and program improvement, the federal funds also help to drive state support through a **maintenance-of-effort** provision in the federal law. States must maintain their financial commitment at current or greater levels to continue receiving Perkins funds. States that reduce career and technology state funding stand to lose substantial amounts of federal dollars.

Perkins funds are provided to states that, in turn, allocate funds by formula to secondary and post secondary schools.

States receive two main grants under the Perkins Act: **Basic State Grant** and **Tech-Prep Grant**. States have control over the split of funds between secondary and postsecondary levels. After this decision is made, states must distribute at least 85 percent of the Basic State Grant funds to local programs using either the needs-based formula included in the law or an alternate formula of the basic grant that targets resources to disadvantaged schools and students. States may reserve up to ten percent for leadership activities and five percent (or \$250,000, whichever is greater) for administrative activities. State and local career and technical education (CTE) funds are to be used for the following types of activities:

- Serving as a catalyst for change by driving program improvement
- Developing a strong accountability system that ensures quality and results
- Strengthening the integration of academic, career and technical education
- Ensuring access to career and technical education for special populations, including students with disabilities
- Developing and improving curricula
- Purchasing equipment to ensure that the classrooms have the latest resources based on current industry standards
- Providing career guidance and academic counseling services
- Providing professional development and technical assistance for teachers, counselors and administrators
- Supporting career and technical education student organizations

Texas receives more than \$100 million in Perkins monies each year, \$45 million of which is allocated to secondary public school career and technology education which includes funds routed directly to local programs. Monies invested in curriculum development, career and technical student organizations and teacher inservice. For Texas agricultural education, a substantial amount of leadership fund monies are granted to Texas A&M University for curriculum development through **Instructional Materials Service**. Additionally, Perkins leadership money is for the state teachers professional improvement conference and to provide assistance to the Texas FFA Association. For local agricultural science programs, basic grant funds are used to upgrade instruction by purchasing new equipment, supplies and funding instructionally related travel. The balance of the Perkins dollars (about \$32 million) is designated for post-secondary education programs.

To continue the flow of federal funding, two processes must be completed: **reauthorization** and **appropriations** (funding). Congress must first authorize one of the federal agencies such as the United

States Department of Education, to conduct a program. Certain congressional committees are authorizing committees. However, just because Congress has authorized a program, doesn't mean it will be funded. Some projects and programs are authorized, but are delayed or die because Congress does not fund the project through the appropriations process, which is accomplished through the subcommittees of the House and Senate Appropriations Committees.

The Carl Perkins Act must be reauthorized every five years, but must be funded on an annual basis. The current goal of advocacy efforts on behalf of career and technical education and agricultural education is to have Perkins fully funded at a level no less than the previous fiscal year.

**Appropriation:** Provision of law that provides authority for Federal agencies to obligate funds and to make payments out of the Treasury for specified purposes. Appropriations for the Federal government are provided both in annual appropriations acts and in permanent provisions of law.

**Authorization:** Basic, substantive legislation that establishes or continues the legal operation of a federal program or agency, either indefinitely or for a specific period of time, or which sanctions a particular type of obligation or expenditure. An authorization normally is a prerequisite for an appropriation or other kind of budget authority. Under the rules of both houses, the appropriation for a program or agency may not be considered until its authorization has been considered. An authorization also may limit the amount of budget authority to be provided or may authorize the appropriation of "such sums as may be necessary."

**Conference committee** - A temporary panel composed of House and Senate conferees which is formed for the purpose of reconciling differences in legislation that has passed both chambers. Conference committees are usually convened to resolve differences between different versions of major and controversial legislation.

## 2. State Current Event: Agricultural Education—Texas Education Agency Names Whitson Agricultural Science Program Director

**Texas Education Agency** has named Ronald Whitson as its program director for agricultural science and technology.

Whitson replaces Terry Phillips who served as program director from 2000 until his retirement which became effective June 30, 2007. He is the twelfth individual to serve as the state's program director since the inception of the program and the subsequent appointment of J.D. Blackwell in 1917.

As program director in the Austin-based agency's curriculum division, Whitson provides curricular leadership for the state's agricultural education program providing administrative oversight for certification, program standards, teacher professional development, textbook adoption and curriculum development. He also serves as an ex-officio member of the Texas FFA Association Board of Directors and the state alumni council and a member of the FFA's executive board.

Whitson has been teaching agricultural science at Mansfield High School in southeast Tarrant County since 1980. He taught at Cedar Hill for two years before coming to Mansfield.

Whitson grew up in Garland, attended Garland High School and was an active member of the Garland FFA Chapter. He holds a Bachelor of Science degree in Agricultural Education from East Texas State University, now Texas A&M at Commerce. He also earned a Masters of Education degree from the same university.

Mr. Whitson has been honored numerous times during his career at Mansfield ISD including 15 Distinguished Service Awards from the Vocational Agricultural Teachers Association of Texas, the Honorary Lone Star FFA Degree (1984) and the Honorary American FFA Degree (1999). He was honored as an outstanding teacher with the Jack Harvey Fellowship from Weatherford College ('97) and the Bayard H. Friedman Hero Award in 2000. Mr. Whitson has been awarded innovative teaching grants on five separate occasions at both the local and national level and has been named to Who's Who of American Teachers. Mr. Whitson also serves on the Board of Directors of the Vocational Agriculture Teachers Association of Texas.

State Program Directors	
1917-20	J. D. Blackwell
1920-33	C. L. Davis
1933-37	Paul Haines
1937-52	Robert A. Manire
1952-55	George H. Hurt (acting)
1955	Robert Manire
1955-69	George H. Hurt
1969-80	J. A. Marshall
1980-83	G. G. Scroggins
1983-94	Jay L. Eudy
1994-98	Kirk Edney
1998-00	Benjamin F. Shaw
2000-07	Terry Phillips
Present	Ronald Whitson

## KEY IDEAS AND TERMS

**Texas Education Agency:** In 1949 the legislature abolished the former State Board of Education and the office of State Superintendent of Public Instruction, and established the Texas Education Agency as the state's administrative agent to supervise the public school system.

The mission of the Texas Education Agency is to provide leadership, guidance, and resources to help schools meet the educational needs of all students.

Located in Austin, at 1701 North Congress Avenue, TEA is the administrative unit for the state's primary and secondary public education. Under the leadership of the commissioner of education, the TEA manages the textbook adoption process, oversees development of the statewide curriculum, administers the statewide assessment program, administers a data collection system on public school students, staff, and finances, rates school districts under the statewide accountability system, operates research and information programs, monitors for compliance with federal guidelines and serves as a fiscal agent for the distribution of state and federal funds.

The TEA operational costs are supported by both state and federal funds.

### **3. National Issue: Immigration and Farm Labor**

Immigration reform is a highly charged emotional issue that divides the nation like only a handful of other issues.

On the one hand, poor people from other nations, primarily **Mexico**, are pouring into the country in search of a better life. Immigration advocates say that the U.S. is a nation of immigrants and we, as people are better for it.

Yet, immigration reform proponents say there are 12 million illegal immigrants in the country and we have no idea who they are, where they are and what they plan to do once here. Reformers say the illegal immigrants are a drain on education and social services.

Complicating the issue is the fact that agriculture in the U.S. has come to depend on workers from other countries to fill a troubling and growing gap in available labor and agricultural jobs.

Solutions to the illegal immigration problem range from tough enforcement only programs to a blanket amnesty that would forgive the illegal act of entering the country and start the currently illegal immigrants on the road to citizenship.

Many in agriculture favor a middle ground that includes a temporary guest worker program in which workers would cross the border with legal permits and then return home within a given period of time.

A study by the American Farm Bureau Federation concludes that failure to include comprehensive guest-worker provisions in any new or reformed immigration law could cause up to \$9 billion annually in overall losses to the U.S. agriculture industry and losses of up to \$5 billion annually in net farm income.

The fruit and vegetable sector as it now exists would disappear, the study says. Up to one-third of producers – who are especially dependent on hired labor – would no longer be able to compete. Instead of stocking produce grown and harvested in the U.S., America's grocers would increasingly fill their shelves with foreign-grown produce, resulting in billions of dollars currently kept in the U.S. being sent overseas. The Farm Bureau says that U.S. agriculture is highly dependent on temporary foreign workers because U.S. workers do not take the jobs available.

According to information released by USDA, AFBF economists found nearly a 4 percent drop in hired farm workers during the first quarter of 2006, which represents an acceleration of a trend dating to 2000 and earlier. USDA also reported that the national average farm wage increased during the same period to an all-time high of \$9.79 per hour, which provides further evidence of a tight labor supply, rather than a decrease in demand. There are approximately three million temporary agricultural jobs available in the United States.

## **KEY TERMS AND IDEAS**

### **Mexico Fast Facts:**

**Area:** 1,953,162 square kilometers (754,120 square miles)

**Population:** 104,959,594 (July 2004 est.)

**Population density:** 20 per square mile

**Capital:** Mexico City

**Population:** 24,000,000 approx. (the most populous city in the world)

**Government:** Republic since 1917. Gained independence from Spain in 1821.

**Head of State and Government:** President Vicente Fox Quesada since 2000.

**Language:** Spanish is the official language. English is widely spoken.

**Religion:** 90% Roman Catholic

**Time:** Mexico spans three different time zones: South, Central, and Eastern Mexico: GMT -

**Currency and exchange:** The Mexican peso has been fluctuating between 10.9 and 11.4 to 1 U.S. dollar for the last couple of years. The peso is the currency in Mexico.

#### **4. State Current Event: Anthrax Cases Confirmed**

The Texas Animal Health Commission confirmed 17 head of cattle and a number of deer died of anthrax during July in northern Tom Green County, Texas.

Steve Sturtz, Texas Cooperative Extension agent, Tom Green County, at San Angelo, says the cases were reported north of San Angelo near the Tom Green County and Coke County line.

"Anthrax is naturally occurring across much of our area," Sturtz says. "Most longtime ranchers here have been aware of it for generations. While it is a serious zoonotic bacterial disease, which causes sudden death, it is preventable, and easily vaccinated against."

Sturtz says a zoonotic disease is one that can cross-infect from animals to humans. Naturally occurring anthrax infections occur through ingestion of spores, not by inhalation.

"The reason for this announcement is so area ranchers with a history of anthrax in their area will have time to vaccinate their animals, because as with most all vaccines, there is a lag time of several days before the vaccine becomes effective after the animal is vaccinated," Sturtz notes.

This year's unusually wet weather - followed by a dry spell - created a prime environment for anthrax spores already existing in the soil to resurface, he adds.

Anthrax is a reportable disease, Sturtz points out. That means suspected cases should be reported to the Texas Animal Health Commission area office as soon as possible

#### **KEY IDEAS AND TERMS**

**Anthrax** The disease, anthrax, is caused by a bacterial species called *Bacillus anthracis*. The organism is a common inhabitant in alkaline soils. The anthrax bacteria compete very well in conditions that alternate between floods and droughts. The organism can multiply in wet conditions and when dry conditions come along, it forms spores, which are very resistant to environmental conditions. The spores can survive for more than 35 years in the environment, waiting for the next favorable opportunity to multiply once again. Cattle contract the disease when they ingest (eat) the spores. The grazing of abrasive forages is thought to allow penetration of the spores through the lining of the mouth. Once the anthrax organism gets into the blood stream and multiplies a fatal infection can occur rapidly.

**The Texas Animal Health Commission (TAHC)** was founded in 1893 with a mission to address the Texas fever tick problem. Today, TAHC works to protect the health of all Texas livestock, including: cattle, swine, poultry, sheep, goats, equine family animals and exotic livestock. TAHC also works to keep pests from reoccurring as major livestock health hazards. Ultimately, the TAHC mission and role is the assurance of marketability and mobility of Texas livestock. TAHC works to sustain and continue to make a vital contribution to a wholesome and abundant supply of meat, eggs, and dairy products at affordable costs. The Texas Animal Health Commission (TAHC) has legislative authority to make and enforce regulations to prevent, control, and eradicate specific infectious animal diseases which endanger livestock. TAHC regulations are made and adopted by 12 governor-appointed commissioners who represent the general public and various livestock industries and professions. The commissioners serve staggered six-year terms and meet as needed to study the regulatory needs of the agency, review public comments on proposed regulation changes, and adopt new rules when necessary. Agency headquarters are in Austin. Eight area offices are located across the state and four laboratories provide provide serological and microbiological diagnostic services for cattle brucellosis, swine brucellosis, and pseudorabies. The Austin laboratory provides identification of pest specimens such as screwworm fly larvae, scabies mites, and ticks collected from livestock.

## 5. State Current Event: Todd Staples is Texas Agriculture Commissioner

Former Texas FFA Officer Todd Staples of Palestine was publicly sworn in as the state's 11<sup>th</sup> Commissioner of Agriculture on January 4th, 2007 receiving the oath of office from Texas Supreme Court Chief Justice Wallace Jefferson in the Texas Capitol's senate chamber.

The appreciative crowd which packed the chamber roared its approval with a standing ovation upon completion of the oath.

"Never in my wildest dreams could I have envisioned a day like that," says Staples of that moment when he stood on the platform in the capitol amongst the state most powerful political players, waving to an approving audience.

Staples, who served as state vice president from Area VIII in 1981-82, won the general election in November, capturing more than 2.3 million votes, after serving six years in the Texas House of Representatives and five in the Texas Senate.

He began laying the foundation for a career in public service as a freshman agriculture student at Palestine High under the teaching of Harold Gilbert.

"Taking agriculture courses was just part of who we were," says Staples who grew up tending cows and baling and hauling hay with his dad Cecil. His SAE, commercial heifers and market swine would reflect his interest in the livestock industry, and the cow-calf operation he now owns is an outgrowth of the enterprise he launched 30 years ago as a student.

"The words of the FFA Motto and Creed still resonate with me," he says, launching confidently into the first paragraph of the Creed he first learned in 1977.

As it turns out, the relationship he forged with his FFA advisor would become pivotal in his life. The skills he mastered as an agricultural science student and the relationships he fostered would become the tools he needed to become an influential leader in Texas politics.

"Doing your homework and having the skills to advocate a position and run a business meeting according to parliamentary procedure have been extremely helpful," says Staples who recalls a time when he competed in the district extemporaneous speaking event without doing the requisite preparation. At the end of the day, one of the teachers judging the event scolded him for "not doing his homework."

Message received. Lesson learned. From that point forward, he would earn a reputation for relentless, thorough, meticulous preparation in every endeavor.

Mr. Gilbert encouraged him to run for Sandyland District FFA office. He was elected president and was later elected as Area VIII FFA President and finally as a state officer, taking office at the 53<sup>rd</sup> Texas FFA Convention in Dallas and leading the 54<sup>th</sup> Convention in Fort Worth.

Staples earned a degree in agricultural economics from Texas A&M University and returned to Palestine to partner in a retail nursery business and a registered Brangus operation.

His FFA advisor hadn't forgotten him. After observing a city council embroiled in controversy, Gilbert believed that he had a former student with the skills to help.

"My high school ag teacher called me one Saturday morning and asked me to run for the Palestine city council," says Staples. "Although I thought I was too young to get started in that, he said 'Todd, we gave to you and it's time for you to give back.'

"So I did what most former FFA students do to their ag teachers," he adds. "I said, 'yes sir.' "

### Texas Department of Agriculture FAST FACTS

- Based in Austin
- Headed by an elected commissioner who serves a four-year term.
- 23 different regional offices, labs and other facilities.
- More than 500 employees
- Budget of more than \$57 million
- Handles weights/measures, school lunch program, pesticide, seed certification
- TDA Website: [www.agr.state.tx.us](http://www.agr.state.tx.us)

### Todd Staples FFA Vitals

**First joined:** 1977  
**Competed in:** chapter conducting, prepared public speaking, extemporaneous speaking  
**SAE:** commercial heifers, market hogs  
**Leadership:** Chapter, District and Area President, State Vice President.

Staples served on the city council for two years, serving as mayor pro tempore, when another opportunity presented itself. State Representative Elton Bomer was leaving office to serve as state insurance commissioner. With the encouragement of his family and friends he launched a campaign that would land him in the state capitol in 1995.

"The first time I ever set foot in the state capitol was as a state officer in 1982" he says. Historically, state officers tour the capitol as part of their January planning meeting each year. "That experience gave me a new perspective and changed my life."

Staples' FFA heritage would continue to give him an edge.

"Knowing how to make motions, advocate a position, run a committee hearing all with a level of confidence made all the difference in the world," he says.

Staples work on rural issues, property rights, public education and transportation caught the eye of many and would create additional opportunities. In 2001 he won a seat in the Texas Senate, a political win that paved the way to his election to statewide office.

Many Texas political observers are certain that there are many chapters yet to be written in the brilliant public service career of Todd Staples, but Texas FFA members should always remember that chapter one was about a greenhand member reciting the FFA Creed in an agriculture classroom in Palestine.

It is a reminder to all that for those who dream of serving and leading that dreams can become reality, if one will hold fast to the dream and do their homework.

### **Texas Agriculture Commissioners**

1907-08: Robert Teague Milner  
1908-14: Edward Reeves Kone  
1915-20: Fred Davis  
1921-30: George B. Terrell  
1931-50: James E. McDonald  
1951-77: John C. White  
1977-82: Reagan V. Brown  
1983-90: Jim Hightower  
1991-98: Rick Perry  
1999-06: Susan Combs  
Present: Todd Staples

The first commissioner, Robert Teague Milner resigned from office to become president of Texas A&M University. The longest serving commissioner, John C. White was also the youngest to be elected to this office. He was 25 years old when he defeated James McDonald and served 26½ years until he was appointed Deputy Secretary of Agriculture by President Jimmy Carter in 1977. Susan Combs was the first female to serve as Agriculture Commissioner and was elected state comptroller in 2006.

## **6. National Issue: Is Ethanol the Answer?**

By Marianne Lavelle and Bret Schulte  
U.S. News and World Report

GALVA, IOWA—This farming town of fewer than 400 people might be most memorable for what it doesn't have: a Wal-Mart, a high school, even a stoplight. But humble Galva and its environs have two things in abundance: corn and, by extension, hope.

"We feel we're on the cusp here as far as things happening," says Rita Frahm, an 18-year resident and president of the county's economic development corporation. That's because Galva is the lucky home of an ethanol plant.

Since opening in 2002, the plant has produced ever increasing dividends, to date putting more than \$13 million into the hands of the 420 local farmers and investors who own it. That cash is slowly but markedly changing Galva's landscape. For the first time in 30 years, the town witnessed construction of three new homes at once, and a whole new street, Sixth Street, on which to place the houses. Those dwellings are now occupied by families "who saw an opportunity to stay rather than the community dying," Frahm says.

Heartwarming stories like Galva's—in a state that hosts the first presidential contest—help explain why Washington is so fired up over ethanol. In 2006, production skyrocketed, and Washington is poised to push it still higher. What's not to like? Every gallon theoretically means more money for the iconic American farmer and less cash lining the pockets of foreign sheiks. "There's almost a sense," says Iowa State University political scientist Steffen Schmidt, "that ethanol is morally better than oil."

Washington loves a "win-win," but there are plenty of doubts as to whether the love affair with ethanol qualifies. Even though the ethanol industry profited handsomely last year, it continued to benefit from billions of dollars in taxpayer subsidies. And as ethanol becomes a larger part of the energy mix, it is not clear that Washington is prepared for the fallout. Ethanol already consumes so much corn that signs of strain on the food supply and prices are rippling across the marketplace. Environmental impacts will multiply as more land and water are devoted to the prized yellow grain. And, even if these problems were overcome, ethanol's potential growth could be stunted by an energy system currently tailored to gasoline. Ethanol undoubtedly plays a role in the quest for energy independence and the desire to curb global warming. But some observers worry that ethanol development may take the place of more effective initiatives: forcing

automakers to increase gas mileage, for instance, or mandating cuts in carbon dioxide emissions. "Some members of Congress are looking for quick fixes," says one economist who has studied the issue. "It's an easy bandwagon to jump on. But there's a lot of exaggeration about what ethanol is capable of doing."

### **Beginnings**

Ethanol is alcohol distilled from fermented, mashed grain. It took a century for it to make a big splash on the U.S. energy scene, even though Henry Ford built his first Model T in 1908 to run on either gasoline or ethanol. Over the decades, petroleum proved cheaper, and grain alcohol was relegated to college fraternity parties rather than gas tanks.

No one looked seriously at ethanol as fuel until the oil price shocks of the 1970s, when Congress decided to subsidize a homegrown alternative—most significantly through a tax credit to oil companies for every gallon of the costly alternative they blended into gasoline. **(See notes on 1973 Arab Oil Embargo)**

But when oil prices fell again in the late 1980s through the 1990s, the nation's dependence on petroleum imports mushroomed to 60 percent, and ethanol was reduced to a performance-boosting additive for some midwestern gasoline—a nice, subsidized side business for the dominant producer, **Archer Daniels Midland**.

Around 2000, ethanol started gaining traction when it emerged as the substitute to methyl tertiary butyl ether (mtbe), an oxygenate that reduced air pollution but leaked into drinking water at potentially dangerous levels. At the same time, upstart businesses like VeraSun of Brookings, S.D., were learning to produce ethanol more efficiently. Then came the Iraq war and high oil prices. Suddenly, the price ethanol refiners could fetch for their product from the big oil companies was far higher than the production cost. In places like Galva, where farmers had pooled their money to put up plants earlier, returns rolled in. It was a modern-day gold rush for grain farmers and investors. Today, 60 percent of ethanol production is in the hands of small companies.

### **Politics**

The rush of new players strengthened the industry's clout. One of the largest stakes in the No. 2 producer, VeraSun, for instance, is owned by a midwestern venture capital firm, Bluestem, founded by Steve Kirby, former lieutenant governor of South Dakota and a big Republican donor. Among other big investors in small ethanol companies: Microsoft founder Bill Gates and the politically connected Carlyle Group private equity firm, where George H. W. Bush was once a director.

The 10 largest ethanol producers and their trade groups have handed out \$4.7 million in federal campaign contributions since 2000, says the **Center for Responsive Politics**. The **Renewable Fuels Association** has increased its lobbying spending 60 percent in the past seven years, and former Senators Bob Dole of Kansas and Tom Daschle of South Dakota tout ethanol's national security benefits for a group of farm and energy interests called the 21st Century Agriculture Policy Project. Just as crucial, while far less tangible, has been Washington's veneration of the long-suffering small farmer, now turned ethanol entrepreneur.

It all paid off in 2005, when, with gasoline prices ratcheting higher, Congress wrote into its big energy bill a renewable fuel standard, an unprecedented mandate requiring refiners to double the amount of ethanol they blend into the nation's gasoline by 2012—a major coup for the industry. Congress's decision in that bill not to give the oil industry any protection from mtbe lawsuits made ethanol even hotter. Oil refiners immediately announced a switch to ethanol en masse, dramatically boosting demand.

Energy economist Philip Verleger is one of many who traced last summer's high gasoline prices to ethanol panic. As it turned out, the taxpayer paid twice. First, at the pump. Then, because of the long-standing ethanol tax breaks—now at 51 cents per gallon—the government sent \$2.5 billion last year to the flush oil industry to blend ethanol it would have needed anyway.

In 2006, production exceeded Congress's renewable fuel standard mandate by 25 percent, reaching 5 billion gallons produced. Nearly half of the gasoline being sold in the United States now contains 10 percent ethanol. But that leaves half the market open to conquest. Some 76 ethanol refineries are now under construction, including in such unlikely states as New York and Oregon, adding to the 112 already squeezing fuel from corn. By some counts, 200 more have been proposed.

Of course, oil prices—generally falling since August—could rain on the parade. In fact, Wall Street is so worried that cheaper petroleum will cool ethanol profitability, as it has in the past, that the stock prices of companies that went public with fanfare last summer, VeraSun and Aventine, of Pekin, Ill., have slid 40 percent and 60 percent, respectively.

Bill Gates would be \$140 million richer if he had sold his stake in Pacific Ethanol of Fresno, Calif., when gas prices began to spike last spring. As it stands, he's doing a bit better than break-even because of

the bounce his company took after President Bush made his pitch in the State of the Union address to increase renewable fuels—a universe now almost entirely made of ethanol—a staggering sevenfold by 2017.

Congress is already on the case: All eyes are on the important farm bill being shepherded forward this year by Iowa Senator Tom Harkin, chair of the Agriculture Committee, as the perfect vehicle to force increased ethanol demand on the market.

Indeed, ethanol has proved one of the few issues in Washington for which it's nearly impossible to find a sparring partner. Even Sen. John McCain, who gave up on Iowa in his 2000 presidential bid because of his opposition to ethanol subsidies, now says the fuel should be "carefully examined." Sen. Hillary Rodham Clinton, who once voted against the mandate, is calling for \$1 billion in ethanol research.

### Consequences

A new ethanol surge could cause more problems than it solves. Last year's astounding growth in ethanol gobbled up 20 percent of the U.S. corn crop. That surpasses all the corn Americans consumed last year—whether in cereal, corn-syrup-sweetened soda, or on the cob. And the strain has become severe on the nation's primary use of corn—as feed for dairy and beef cattle, pigs, and chickens. Meat, dairy, and egg producers are reeling from corn prices that have doubled in one year—now trading above \$4 a bushel for the first time in more than a decade.

The impact may really be felt when meat prices take off at the start of this summer's grilling season. "The American consumer is making a choice here," says Dick Bond, chief executive of Tyson Foods. "This is either corn for feed or corn for fuel." He indicated his company intends to be active in the farm bill debate on Capitol Hill, and some livestock groups recently wrote a letter to warn the secretary of agriculture of their concerns.

Lester Brown of the Earth Policy Institute warns that ethanol is on track to consume half of the U.S. corn crop as early as 2008. He is calling for a moratorium on new refineries, similar to the one the world's No. 3 ethanol producer, China, announced in December. "We used to have a food economy and an energy economy," says Brown. "The two are merging. We need to ... think through carefully what we're doing."

Ethanol's boosters are confident farmers will plant more acres and increase the yield of corn per acre, with the help of new seed and genetic engineering technology—easing the price pressure. But for now, the futures market shows corn prices climbing further. That's despite the fact that farmers are on track to plant 88 million acres of corn this year—up 10 million over 2006 and more than has been planted in the United States at any time since the 1940s, when crop yields were a fraction of today's.

The frenzy for the new yellow gold is not without environmental consequences, either. Plenty of greenhouse-gas emitting fossil fuels are used to produce ethanol—tractors in the field, trucks on the road, and nitrogen-based fertilizer born of natural gas. Some say that ethanol actually uses more energy than it returns. But only one oft-quoted study arrived at this conclusion by using apparently obsolete data. A Congressional Research Service (CRS) analysis last year concluded that "most studies give corn-based ethanol a slightly positive energy balance." A tepid endorsement, at best.

On climate issues, researchers are concerned with ethanol's reliance on natural gas or coal throughout the production process. "Overall benefits in terms of ... greenhouse gases are limited," concludes CRS. That problem may get worse with the emergence of coal-fired ethanol plants, like one that opened last month in Richardton, N.D. Bob Dinneen of the Renewable Fuels Association points out relatively clean natural gas is the industry standard, and he believes more earth-friendly plants are the next wave, such as those that trap methane from cattle feedlots to fire their boilers. But without mandated emissions caps, refineries may have little incentive to invest in such costly technology.

Farmers most likely will grow their corn on acres they normally would have rotated to soybeans. But that zaps topsoil of nutrients while exacerbating pest problems and use of more fertilizers and insecticides, which can wind up in the water supply. Plus, some land currently held fallow in the **Conservation Reserve Program** is likely to be put back to work. The complex issues throw environmentalists into a briar patch.

"I hate talking about ethanol," says Dan Becker, head of the **Sierra Club's** global warming program. "There are ways ethanol can be a boon to the environment, there are ways that it could be a disaster for the environment, and the devil's in the details."

### Logistics

Perhaps nothing illustrates the limits of an ethanol-fueled future better than the push for E-85—a mix that is 85 percent ethanol and 15 percent gasoline. It's available in only 1,000 of the nation's 180,000 gas stations, and Big Oil-branded stations haven't been quick to offer E-85. Ethanol boosters are hoping independent gas stations will step in, but it's costly.

Trying to expand E-85's availability, the House is likely to pass a bill this year that will direct federal

agencies to figure how to make the switchover more cheaply. Rep. Bart Gordon, chair of the House Science and Technology Committee, said such a move is necessary "if this country is serious about reducing our dependence on foreign oil."

Congress has been far more tentative in dealing with bigger delivery questions. No pipelines exist to move ethanol from the Midwest the way that gasoline is pumped out of the Gulf Coast; rail works well now to transport most ethanol, but 25 percent moves by truck (burning diesel petroleum along the way). As production increases, the transportation strain is sure to worsen.

And even if E-85 were widely available tomorrow, it could be pumped only into the 2.5 percent of the nation's cars that are flexible fuel vehicles. Automakers have pledged to churn out many more, but Congress created a perverse incentive allowing them to produce more gas guzzlers if they manufacture enough flex fuel cars. Carmakers earned enough of a break on their Corporate Average Fuel Economy Standards that the nation will burn 17 billion more gallons of gasoline from 2001 to 2008 as a result.

Thanks to such loopholes and foot dragging on improvement in cafe standards, average new vehicle efficiency has dropped since 1988—a problem that comes home to roost with ethanol. Because of its lower energy content, it takes 1.5 gallons of ethanol to drive as far as 1 gallon of gasoline. Consumer Reports calculates E-85 ended up costing motorists about a dollar extra per gallon last year because of the need to buy more fuel.

Renewable fuels lobbyist Dinneen points out that carmakers could solve the problem with improved engine technology. But with the fleet on U.S. roads now, and gasoline consumption continuing to creep upward, even today's incredible growth in ethanol production barely makes a dent in the nation's oil dependence. Ethanol now amounts to just 4.3 percent of gasoline sold by volume, and just 2.9 percent by energy content.

While corn-based ethanol production has room to grow, the industry acknowledges there's a ceiling—about 15 billion gallons yearly by most accounts, or three times the production in 2006. That's 20 billion gallons short of Bush's renewable fuels goal. Even with alternatives like natural gas vehicles, plug-in hybrids, or hydrogen cars, major advances in ethanol are necessary.

In the laboratory, so-called cellulosic ethanol can be wrung from fibrous materials like cornhusks and rice hulls, as well as fast-growing reedy crops that require little fertilizer or tending, like switch grass, and timber industry excess. This would ease reliance on edible grain and spread the economic benefits beyond corn communities. Another bonus: Biotech enzymes rather than heat energy would break down the cellulose to fuel, reducing greenhouse gases to a fraction of those produced by corn.

But it has never been tried commercially, and it's unlikely that the fuel will go from zero to 20 billion gallons in 10 years. Just to get to 1 billion gallons of ethanol production, the corn industry took 13 years. The government estimates the capital cost of cellulosic is very likely five times that of corn. The expense surely would be driven down if production scales up, but a "chicken and egg problem" exists, says Harkin. "Investors are not investing in cellulosic plants because there's no supply," he says. "And farmers are not planting switch grass or other energy crops because there's no market." He has pledged to "jump-start" both demand and supply with research money and loan guarantees in a new farm bill.

But it will take more than money for new cellulosic technology to substantially weaken the grip of the nation's oil addiction. Lee Lynd, Dartmouth College engineering professor and cellulosic pioneer, who founded Mascoma, a company that is building a pilot plant outside Rochester, N.Y., believes cellulosic will make "a much more limited contribution to energy supply" if behaviors don't change as well as technologies. Ethanol would make its greatest dent if Americans drove less and highly efficient cars were deployed widely, he says.

Others agree. "Ethanol has a role to play in making the nation's energy situation more reliable," says economist Robert Wescott. "But it's not a panacea."

That brings the debate back to the nitty-gritty fuel economy and conservation issues politicians have been mostly avoiding for years. They'd rather feel good, for the time being, about ethanol.

### Key Terms and Ideas

The **Archer Daniels Midland Company** (NYSE: ADM), based in Decatur, Illinois, operates more than 270 plants worldwide, where cereal grains and oilseeds are processed into numerous products used in food, beverage, nutraceutical, industrial and animal feed markets worldwide. ADM was founded in Minneapolis in 1902 and currently has more than 27,000 employees and projected 2007 revenues of \$44 billion.

The **Center for Responsive Politics** is a non-partisan, non-profit research group based in Washington, D.C. that tracks money in politics, and its effect on elections and public policy. The Center conducts computer-based research on campaign finance issues for the news media, academics, activists, and the public at large.

**Conservation Reserve Program (CRP)** - A program, created in the Food Security Act of 1985, to retire from production up to 45 million acres of highly erodible and environmentally sensitive farmland. Landowners who sign contracts agree to keep retired lands in approved conserving uses for 10-15 years. In exchange, the landowner receives an annual rental payment, cost-share payments to establish permanent vegetative cover and technical assistance. The CRP reportedly has reduced erosion by up to 700 million tons per year

The **Organization of the Petroleum Exporting Countries (OPEC)** is a cartel made up of Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela; since 1965 its international headquarters have been in Vienna, Austria.

**Renewable Fuels Association** As the national trade association for the U.S. ethanol industry, since its founding in 1981, RFA promotes policies, regulations and research and development initiatives that will lead to the increased production and use of fuel ethanol. RFA membership includes a cross-section of businesses, individuals and organizations dedicated to the expansion of the U.S. fuel ethanol industry.

The **Sierra Club** is an American environmental organization founded on May 28, 1892 in San Francisco, California by the well-known preservationist John Muir, who became its first president. The Sierra Club has hundreds of thousands of members in chapters located throughout the United States, and is affiliated with Sierra Club of Canada.

**Yom Kippur War and the 1973 Oil Embargo:** In 1972 the price of crude oil was about \$3.00 per barrel and by the end of 1974 the price of oil had quadrupled to over \$12.00. The Yom Kippur War started with an attack on Israel by Syria and Egypt on October 5, 1973. The United States and many countries in the western world showed support for Israel. As a result of this support several Arab exporting nations imposed an embargo on the countries supporting Israel. While Arab nations curtailed production by 5 million barrels per day (MMBPD) about 1 MMBPD was made up by increased production in other countries. The net loss of 4 MMBPD extended through March of 1974 and represented 7 percent of the free world production. If there was any doubt that the ability to control crude oil prices had passed from the United States to OPEC it was removed during the Arab Oil Embargo. The extreme sensitivity of prices to supply shortages became all too apparent when prices increased 400 percent in six short months.

1947	\$1.87/barrel	1992	\$21.90/barrel
1952	\$2.57	1997	\$19.79
1957	\$3.07	2002	\$29.67
1962	\$2.97	2003	\$28.29
1967	\$3.07	2004	\$45.95
1972	\$3.56	2005	\$65.97
1977	\$14.85	2006	\$70.96
1982	\$35.63	2007	\$75.71
1987	\$19.53		

(Price not adjusted for inflation)

## **7. Current Event: Beef industry feels the effects of fluctuating corn market**

Kevin Welch, Amarillo Globe-News

It looks like tight corn supplies will mean a continuation of bumps and bruises for the beef business.

From the good old days just last year when a bushel of corn cost about \$2.60, the ride rocketed up to more than \$4.50 by February. Now, cash prices are about \$3.50.

We're getting really large swings," said Steve Amosson, **Texas Cooperative Extension Service** economist. "And outside seasonal things like crop failures, we didn't used to have that."

The cause of the latest change, a 25 percent drop at the beginning of July, came when the U.S. Department of Agriculture reported farmers had planted almost 93 million acres of corn. Previous estimates predicted the planting would total about 90 million, enough to fuel the ethanol and livestock feed markets, but just barely.

The planted acreage is the largest since 1944, when farmers planted 95.5 million corn acres.

But economists see corn staying well above \$3, and strong demand and high prices have pushed farmers to put their tractors into overdrive in unlikely places.

"I went through San Angelo, and they were planting corn there," Amosson said. "You can imagine in the Midwest they're probably planting the barrow ditches."

The promise of big payouts is making farmers smile, but the sentiment is not shared by cattlemen.

"Traditionally, you have two input costs - the cost of cattle and the ration that is 90 percent corn," said Jim Gill, market director for **Texas Cattle Feeders Association**. "If one is up, you pay less for the other, but the supply of feeder cattle is down because the drought of the last few years have cut numbers."

That means feeder cattle and corn are expensive, putting feedlots on the down side of a cyclical market.

"The cost of gain is probably around 78 to 80 cents per pound," Gill said. "But because of what they paid for the cattle, the break-even is 92-94."

Last week, they were selling for 90. On average, you're still talking about a \$25 to \$50 per-head loss."

With ethanol apparently here for a good while and the need for record corn crops to feed the ethanol refineries, livestock and export markets, the price of corn should not be returning to the levels of yesterday.

The USDA is anticipating corn used for ethanol will increase to 3.4 million bushels in the 2007-2008 marketing year, up from the current 2.15 million bushels.

As a percentage of total use, corn for fuel would increase from slightly less than 19 percent to 27 percent.

That will mean cattlemen will have to get more for their product to survive, pushing prices of fed cattle above \$1 per pound, where they were in 2003 before the **mad cow disease scare** created a market train wreck.

"If we can't get any relief on our costs, the only option is to move up the plateau," Gill said. "They've got to get into their minds to sell above \$1 (per pound)."

That also will mean consumers paying more at the meat counter.

"There's some of that now in the retail prices. They're inching up," Gill said. "But all that's going to the retailers now. But it will eventually come to us."

## Key Terms and Ideas

**Mad Cow Disease Scare:** The first "Mad Cow Disease Scare stemmed from comments made on a 1996 episode of the Oprah Winfrey Show by former rancher Howard Lyman. In 2003, a confirmed case of BSE in a Canadian Holstein cow with U.S. origins created a downturn in the cattle market. BSE (bovine spongiform encephalopathy) is a progressive neurological disorder of cattle that results from infection by an unconventional transmissible agent termed a **prion**. The nature of the transmissible agent is not well understood. Currently, the most accepted theory is that the agent is a modified form of a normal cell surface component known as prion protein. The pathogenic form of the protein is both less soluble and more resistant to enzyme degradation than the normal form. There has since emerged strong epidemiologic and laboratory evidence for a causal association between variant Creutzfeldt-Jakob disease, the human form of BSE, and the BSE outbreak in cattle. The interval between the most likely period for the initial extended exposure of the population to potentially BSE-contaminated food (1984-1986) and the onset of initial variant CJD cases (1994-1996) is consistent with known incubation periods for the human forms of the disease.

**Texas Cattle Feeders Association** represents the cattle feeding industry in Texas, Oklahoma and New Mexico. Known as Cattle Feeding Country, this area is the largest cattle feeding region in America and annually markets more than 7 million fed cattle--30% of the nation's fed cattle production.

**Cooperative Extension Service** - A federal-state-local cooperative education system that provides continuing adult education based on the academic programs of the land grant colleges of agriculture and their affiliated state agricultural experiment stations. The system employs approximately 32,000 people located on land grant campuses and offices in virtually every county in the nation. About half of Extension's education programs focus on agriculture and natural resources, one-quarter on youth development (including the 4-H program), and the balance on home economics and community resource development work.

## 8. Current Event: USGC- Feed grains exports forecast at record \$24 billion

U.S. agricultural exports surpassed expectations last year generating a record \$68.6 billion for U.S. farm families and the economy in general. According to USDA forecasts, the 2006 record will be broken soon with exports expected to bring in \$79 billion in fiscal year 2007 and \$83.5 billion for 2008. Ken Hobbie, U.S. Grains Council president and CEO, said the increased forecast is a direct indicator of the growing demand for U.S. feed grains, which are forecast at a record \$24.3 billion in 2008.

"By way of sharing information and educating our trade partners, the Council has helped producers establish a reputation for providing high-quality feed grains," said Hobbie. "Thanks to farmers responding to intensifying demand, we are known as a reliable and trustworthy partner."

According to Kirk Miller, general sales manager of USDA's Foreign Agricultural Service, many facets contributed to USDA's most recent forecasts for U.S. agricultural exports.

"A lot of factors came together to allow our analysts to come up with the 2007 and 2008 export forecasts. For example, many of our competitors are facing natural calamities, which are significantly reducing their crop size. Even more importantly, the quality of U.S. grains continues to meet and surpass consumer expectations," said Miller, who oversees FAS exports promotion, marketing and trade analysis, export credit programs and USDA food aid activities.

Miller said when it comes to developing markets and enabling trade, the Council's efforts inspire demand through information sharing and hands-on development.

"We cannot ignore the significant contributions being made by the U.S. Grains Council, which is a leading cooperator with FAS, on behalf of U.S. farmers," said Miller. "They are literally working around the clock to develop new markets and expand those already in existence."

Hobbie said the heightened demand for U.S. feed grains contributed greatly to the USDA's forecasts. For example, corn exports alone are expected to reach \$9.3 billion in 2008, accounting for 11 percent of the total value of U.S. agricultural exports. He also said with increasing corn prices, demand for barley and sorghum is growing as trade partners search for feed alternatives. Sorghum exports are expected to rise by \$200 million.

Kevin Natz, USGC director of trade policy said recently signed free trade agreements will open many doors for U.S. farmers to very important markets, thus fueling demand.

"If Congress approves free trade agreements with the Andean countries of Peru, Colombia and Panama, the U.S. will ultimately have free trade for U.S. feed grains with over two-thirds of the population in the Western Hemisphere," said Natz, adding that the pending agreement with South Korea also stands to greatly benefit U.S. agriculture. "U.S. feed grains and producers win in a free trade environment. Liberalized trade will add value to U.S. grains."

<b>TEXAS CORN PRODUCTION AND PRICE HISTORY</b>					
<b>Year</b>	<b>Acres Planted</b>	<b>Acres Harvested</b>	<b>Yield (Bu/Ac)</b>	<b>Production (Bushels)</b>	<b>Price Per Bu</b>
1977	1,800,000	1,650,000	98	161,700,000	2.16
1978	1,600,000	1,440,000	100	144,000,000	2.45
1979	1,400,000	1,260,000	105	132,300,000	2.82
1980	1,500,000	1,300,000	90	117,000,000	3.44
1981	1,150,000	1,090,000	117	127,530,000	2.88
1982	1,200,000	1,140,000	105	119,700,000	3.07
1983	1,150,000	1,080,000	97	104,760,000	3.39
1984	1,680,000	1,550,000	93	144,150,000	3.03
1985	1,550,000	1,490,000	105	156,450,000	2.49
1986	1,400,000	1,330,000	112	148,960,000	1.87
1987	1,300,000	1,250,000	107	133,750,000	2.17
1988	1,500,000	1,350,000	96	129,600,000	2.71
1989	1,650,000	1,400,000	106	148,400,000	2.63
1990	1,650,000	1,450,000	90	130,500,000	2.51
1991	1,700,000	1,500,000	110	165,000,000	2.68

1992	1,750,000	1,620,000	125	202,500,000	2.41
1993	2,000,000	1,850,000	115	212,750,000	2.61
1994	2,150,000	2,040,000	117	238,680,000	2.51
1995	2,100,000	1,900,000	114	216,600,000	3.19
1996	2,100,000	1,770,000	112	198,240,000	3.19
1997	2,000,000	1,750,000	138	241,500,000	2.74
1998	2,400,000	1,850,000	100	185,000,000	2.26
1999	1,950,000	1,770,000	129	228,330,000	2.07
2000	2,100,000	1,900,000	124	235,600,000	2.18
2001	1,600,000	1,420,000	118	167,560,000	2.29
2002	2,050,000	1,790,000	113	202,270,000	2.57
2003	1,830,000	1,650,000	118	194,700,000	2.59
2004	1,830,000	1,680,000	139	233,520,000	2.60
2005	2,050,000	1,850,000	114	210,900,000	2.47
2006	1,760,000	1,450,000	121	175,450,000	3.20
2007	2,100,000	1,850,000	142	262,700,000	3.52

Avg. Price =  
2.67

2007 price = August, 2007 average

## 9. State Issue: Agricultural Education and the 4X4 Graduation Plan

Legislation passed in the 80<sup>th</sup> Texas Legislature may give Texas students additional options in accessing enrichment courses such as agricultural science and technology easing some of the effects of House Bill 1 by paving the way for some agricultural classes to count toward core graduation requirements.

During the third called Special Session of the 79<sup>th</sup> Texas Legislature, House Bill 1 was conceived passed and signed into law by Governor Rick Perry. The main purpose of the bill was to satisfy the court order which struck down the state's public education funding plan and to fund schools in a more equitable way. Contained in the bill was the 4 by 4 plan, designed to add a fourth math and fourth science requirement to the recommended and distinguished graduation plans. Each student under these two plans will have to complete four credits in each of the four core course areas. Hence the term "four by four." Under its **rule-making authority**, the **State Board of Education** was charged to implement these new graduation requirements, beginning with the class of 2011, incoming freshmen for fall, 2007.

House Bill 3485 by Representative Susan King of Abilene directs the review of all career and technical education curriculum by November 1, 2008. The legislation is a critical piece in gearing agricultural science curriculum to meet the academic rigor requirements to be considered for science or math credit. The current **Texas Essential Knowledge and Skills** in the agricultural science curriculum, in effect since 1998, are considered outdated and not academically substantial enough for the State Board of Education to consider allowing any of this coursework to be used to satisfy math or science requirements. Unfortunately, the standard TEKS revision cycle, tied to the textbook adoption cycle, would not have allowed revision of the curriculum until 2010 or perhaps later. H.B. 3485 offers the hope that the process can be accelerated.

### **KEY IDEAS AND TERMS**

**Rule-Making Authority:** State Agencies are charged with implementation of statutory law—laws passed by the Legislature and signed by the governor. Agencies then make rules within the parameters of the law.

**State Board of Education:** 15 elected members of the State Board of Education (SBOE), along with the governor-appointed Commissioner of Education, oversee the public education system of Texas in accordance with the Texas Education Code. State board members are elected to four-year terms.

**Texas Essential Knowledge and Skills** are a state-mandated set of learning objectives for students in the Texas public schools, codified in the Texas Administrative Code adopted by the State Board of Education.

## 10. National, State Issue: Texas Responds to Kelo v. New London Eminent Domain Ruling

Before June 2005, most Americans had never heard of or given much thought to **eminent domain**. But as a result of the **U.S. Supreme Court** decision in *Kelo v. City of New London* (Conn.), the issue has been on the front page of newspapers across the U.S.

Farmers and landowners everywhere were dealt a devastating blow when the court ruled that eminent domain used for private business development is a legal use of condemnation authority.

Many observers have criticized what the Texas Legislature ultimately passed in the second special session as not constitutional protection but merely watered down protection with loopholes.

Eminent domain is the power of government to appropriate private property for the government's use without the owner's consent. Governments most often use the power to acquire land for a public project such as a road when the owner of the needed property is unwilling to sell. According to state eminent domain law, the government pays the property owner just compensation for the property it uses eminent domain to acquire.

In the *Kelo* decision, the Supreme Court ruled that local governments also may use eminent domain to seize citizens' private property for economic development projects, meaning the government can take a person's private property and give it to a private developer for an economic redevelopment plan if officials determine that the project would benefit the community as a whole or the government.

Texas Senator Kyle Janek from Houston criticized the Supreme Court ruling.

"[The ruling] makes sweeping changes to property law and severely undermines the private property rights Texans have held dear for many years," Janek said.

The Supreme Court did note, however, that state and local governments could restrict the use of eminent domain. Janek responded by authoring Senate Bill (S.B.) 7 during the second called session of the 2005 Legislature to attempt to narrow the power of government entities from using eminent domain to take private property for economic development purposes. The bill was passed into law and went into effect on September 1. S.B. 7 sets forth specific criteria for use of the power and creates an interim committee to study the use of eminent domain.

"The United States Supreme Court in the *Kelo v. New London* case opened the door for governments to seize private property to benefit private businesses," Janek said. "This bill will restore and further strengthen the right of Texas property owners to keep their land."

S.B. 7, though, provided some major exceptions by largely exempting the **Trans-Texas Corridor (TTC)**, which would take large portions of land throughout the state to build a massive, 4,000-mile rail, utility and road system.

"The issue with the Trans-Texas Corridor is the potential to take so much land," said Billy Howe, state legislative director for the Texas Farm Bureau.

Some citizen groups agree.

"We have concerns about eminent domain being used to take excess land," said David Stall, co-founder of CorridorWatch.org, a citizen group opposed to the TTC. "We think the use of eminent domain is something that should be used extremely cautiously to meet immediate needs."

The project includes plans to use mostly undeveloped rural land for an alternative toll-road route to Interstate 35 (I-35), known as TTC-35, and a proposed 1,000-mile long I-69 corridor in East Texas, which would likely connect Laredo or Brownsville to Texarkana, Texas and Shreveport, La. Future routes would run parallel to other major arteries.

McLennan County Commissioners opposed the TTC in a resolution approved in February. Commissioner Joe Mashek said in September that commissioners were concerned about the impact the proposed TTC could have on county roads and businesses along I-35.

"They're not giving the property owners much choice as to which way they're going, and all the people who have businesses on I-35--it's going to affect them, especially if they toll the new lanes," Mashek said. "We're just trying to protect the county for tax purposes, protect the property owners and protect the businesses along I-35."

Corridor plans include ancillary facilities such as gas stations, restaurants and motels, built and operated by state contractors, or concessionaires. The use of eminent domain to provide land to concessionaires to operate ancillary businesses concerned many individuals and citizen groups, including the Texas Farm Bureau and CorridorWatch.org.

"We certainly recognize the legitimate use of eminent domain where it's required to provide roads

and public transportation," said Stall. "Our concern is the use of eminent domain to enrich a concessionaire."

There are numerous other exceptions to the protection of private property rights in S.B. 7 that leave viable eminent domain for certain other favored economic development projects in addition to TTC. These include other transportation projects, port authority and navigation district projects, water supply, flood control, utilities and waste disposal projects, hospitals, libraries and parks, sports venues approved by the voters prior to December 1, 2005, and renewal efforts for slums or blighted areas.

These exemptions to S.B. 7 would, for instance, allow the city of Arlington to continue with its condemnation efforts to accommodate a new stadium for the Dallas Cowboys, a project already approved by voters. S.B. 7 also would not affect another bill passed by the 2005 Texas Legislature, House Bill 2639, which allows the Tarrant County Regional Water District to create a nonprofit corporation with the power to condemn private property for economic development.

S.B. 7 may not be the end of the story, however, as efforts to curtail the effects of the Supreme Court decision continue as some are pushing for a constitutional amendment that would further restrict the use of eminent domain.

"We think that's absolutely the correct approach," said Stall. "With S.B. 7, the concern is that it's a general **statutory** approach; it's not a **constitutional amendment**. So any bill passed by the Legislature subsequent to that can circumvent it. It needs to be a constitutional amendment to give the citizens the opportunity to protect themselves from future legislation."

## **KEY IDEAS AND TERMS**

**Constitutional Amendment**—A change to a constitution. In Texas, a constitutional amendment may be proposed by the legislature in the form of a joint resolution that must be adopted by both houses of the legislature by a two-thirds vote and be approved by a majority of the voters to become effective. Texas has had seven constitutions beginning with the Mexican Constitution of 1824. The current constitution was ratified in 1876. Since then, 615 amendments have been proposed, 439 of which have been ratified by the voters.

**Texas House of Representatives**—legislative body made up of 150 members who serve two-year terms. Legislation that originates in the House is labeled "H.B.", for "House Bill" and "H.R." for "House Resolution" Tom Craddick of Midland is the Speaker of the House, the presiding officer of the House.

**Texas Senate**—legislative body comprised of 31 senators who serve four-year terms. Legislation that originate in the Senate is termed "S.B." for Senate Bill and "S.R." for "Senate Resolution." The Lieutenant Governor is the President of the Senate, the presiding officer of the Texas Senate.

**United States Supreme Court**: the highest federal court in the United States. Nine justices appointed by the president and confirmed by the U.S. Senate sit on the court. At the time of the *Kelo v. New London* ruling, justices John Paul Stevens, David Souter, Ruth Bader Ginsburg, Stephen Breyer voted in with the majority. Dissenting and voting in the minority were the late Chief Justice William Rehnquist, Sandra Day O'Connor, Clarence Thomas and Antonin Scalia.

## **11. State Issue: Legislators join farmers, city officials in voicing concerns over Trans Texas corridor plan**

Listen to proponents, and the Trans Texas Corridor sounds like the greatest thing since sliced bread. Talk to opponents, however—including many rural Texans—and that sliced bread has turned stale and moldy, way past the time it needs thrown out.

Proponents say the Trans Texas Corridor will allow for much faster and safer transportation of people and freight. It will relieve Texas' congested roadways, fed by Texas' booming population—21 million residents today projected to rise to 50 million over the next few decades—and the exchange of goods with Mexico that has been accelerated since 1994 by the North American Free Trade Agreement (NAFTA). Proponents say it will keep hazardous materials out of populated areas. It will keep Texas' economy vibrant by creating new markets and jobs. The Trans Texas Corridor plan, proponents maintain, utilizes innovative and fiscally sound funding methods that will allow the state to construct the system with a minimal expenditure of public money, as outlined in Proposition 15, approved by Texas voters, Nov. 6, 2001. The TTC will provide "choice" to travelers. There are a litany of reasons proponents cite for building the controversial Trans Texas Corridor.

Hogwash, say Texans who are among the mounting opposition finding flaws in these arguments. In

some cases, they insist the exact opposite is true. Texas Farm Bureau's primary concern, however, is its impact on agriculture and landowners.

"We now know all we need to know to understand that rural Texans will once again give up the most to see this huge project completed. Though the state has the power to take prime farm and ranch land all the way up and down the proposed corridor's path, we believe doing so would be misusing that power," said Texas Farm Bureau President Kenneth Dierschke, in an editorial in the Feb. 4, 2005 issue of *Texas Agriculture*. "The state has the power to take land for these rights-of-way, through eminent domain, but should this be done? Have other alternatives been adequately explored? We don't think we yet have answers to all the questions surrounding the TTC. It's a big project, with a big price tag and large consequences."

Texas Farm Bureau has registered its opposition in a number of forums. TFB State Director Albert Thompson testified on behalf of the state's largest general farm organization during a Senate Committee on Transportation and Homeland Security hearing on the massive transportation project. Thompson, a cow/calf producer and timber owner from Martinsville, told lawmakers TFB would like to see the corridor concept scrapped and future highway planning put under the auspices of the state legislature.

"Texas Farm Bureau believes the first option for new roads and highways construction should be to use current rights-of-way," Thompson told lawmakers.

Thompson also pointed out negative effects on wildlife and hunting in many areas of the state where hunting has become a major part of farm income.

TFB's Kenneth Dierschke added, "Then there's the question of paying highway taxes for roads, and then paying again in the form of tolls on many of the new proposed roadways in the TTC plan. That approach has many Texans concerned, and Farm Bureau members are no different."

Cintra, with headquarters in Madrid, Spain, along with San Antonio's Zachry Construction Corp. and other minority partners, has landed the contract to build the first stretch of the TTC that will parallel I-35, from Dallas to San Antonio. Across North America, private companies such as Cintra are spending billions of dollars to build roads in exchange for the right to collect tolls for 50 to 100 years.

In May 2004, Transportation Commissioner Ric Williamson, Governor Perry's point man on the Trans Texas Corridor, said, "It's either toll roads, slow roads or no roads." But Bell County Commissioner Richard Cortese doesn't believe for a minute that Cintra will be able to recover its \$7.2 billion for construction without some help from taxpayers. According to Cortese, the deal they have with the State of Texas calls for "shadow tolling."

"In other words, they will toll cars that don't actually exist and the state will subsidize Cintra until it makes a profit," he explains.

Citing Section 370.172 (d), which states, "Tolls, fees, fares, or other usage charges are not subject to supervision or regulation by any agency of this state or another governmental entity," Cedric Popp, a Wharton County farmer and Farm Bureau member, wonders who is actually in charge.

Popp strongly objects to Sec. 370.172 (a) (2) of H.B. 3588 that grants an authority the power to take private property for commercial development.

"This country was founded on the principles of free enterprise and private ownership. The right of eminent domain was granted to the state by the people to ensure an adequate transportation and utility infrastructure. That right does not extend to the seizing of private property for profit," Popp argues.

Popp has attended several TTC hearings. He has circulated petitions opposing the Corridor and has presented those to elected officials. He has also written many letters to lawmakers and to newspaper editors to elevate public awareness.

Linda Stall of Fayetteville, co-founder with her husband, David, of Corridor Watch, which monitors the project and claims a multitude of members in 133 of Texas' 254 counties, said the proprietary information of the contractor allows Cintra and the state to negotiate privately, with details to be made public only after the agreement is signed.

"For the public, the only indication of the possible parameters of that agreement are those in the law," says Stall. "The law clearly allows taking of additional land by eminent domain for 'ancillary facilities' described as any unrelated commercial or agricultural use that benefits the corridor, as well as another section which allows billboards, hotels, restaurants and gas stations...Regardless of what TxDOT wants or doesn't want, they are developing a contract with a corporation that is in this for its profit making potential, and the profit making potential lies in the full exploitation of what the law will allow, not just collecting tolls."

Rick Wegwerth of Robinson, who attended the Feb. 24, 2005 TTC hearing in McLennan County, and has spearheaded local opposition, is puzzled at how H.B. 3588 slipped by lawmakers in the last legislative session.

"I am a citizen concerned about a \$186 billion bill, passed on a voice vote between 1 a.m. and 2 a.m. that gives a Spanish company a 50 year monopoly and also gives them 'quick obtain' for property, avoiding normal procedures for obtaining property under land acquired for highway use," says Wegwerth, who applied for a position on the Trans Texas Corridor advisory committee, which sought applications through March 14, 2005. "When a senator tells me he voted for it and now says he had no idea what he voted for, we do have a problem!"

Dennis Huber of Seguin, a Guadalupe County Farm Bureau director, runs a grain business, and owns property close to FM 220. It isn't just farmers with large plots of fragmented land that will be hurt, but also some small operators, Huber noted. One proposed path of the State Highway 130 portion of the TTC-35 project would impact Huber and his family. He said it won't cut his property in half, but it would take just enough land to make the rest useless.

"My son has a \$300,000 home, extensive pens and ponds, and improved grasses on 120 acres. If they take 20 or 30 acres out of it, economically, he can't run cattle on it," said Huber. "There is no underground water. It will take some ponds, so he'd lose his water source. This corridor can take a small place and make it too small to be economically viable."

Huber said Guadalupe County landowners are up in arms, and that at one local meeting he attended, when TxDOT first rolled out the TTC concept, a representative of the San Antonio Chamber of Commerce, local officials and presenters "talking up" Highway 130 were booed off the stage. Huber said that he and other landowners will be protesting the project at the March 22 TTC meeting in Seguin. He will be joined by Mel Groner, Guadalupe County Farm Bureau vice president.

"The agriculture people are against it 100 percent," said Groner. "I'm also concerned about water rights and mineral rights. Once they secure the right of way, will they claim all that too? There is speculation that they are really after our water. I don't know if that's true or just gossip, but we have lots of questions. What worries me most, is they sent a contractor out to one of these meetings, and he sounded like it's a done deal already."

Three of the four proposed corridors in the overall plan target Lee County, which has folks there upset. One goes through the eastern portion of the county, then travels through the city of Giddings. A wider track goes through the west side of Highway 77, traveling through the county. A third proposed path catches the far west corner of Lee County.

Four Kerr County residents — Sharon Spennath, Nelda Sharringhausen, Susan Heffington and Bill Reese—addressed their commissioners' court concerning economics, water, private property, the state's competition with private enterprise, international control of activities and income from the Trans Texas Corridor, and urged them to issue a resolution opposing the project. Grassroots efforts like this one have resulted in opposing resolutions in many counties—Fayette, Wharton, McLennan, and Mason, to name a few.

One Republican county commissioner who opposes the corridor pointed out that a plank in the Texas Republican Party platform, drafted in June 2004, called for a repeal of H.B. 3588. "Issues of confiscation of private land, State and National sovereignty and other similar concerns," gave some party leaders heartburn. The document goes on to say, "Further, we urge the removal of all authorization and powers granted the Texas Transportation Commission and the Texas Department of Transportation for the construction and operation of the Trans Texas Corridor." This being the case, this elected official wonders why state lawmakers of that political persuasion are reluctant to publicly criticize the project, although privately, they say they don't like it.

State Representative Lois Kolkhorst, a Republican from Brenham, seems undaunted. In February, Kolkhorst introduced H.B. 1273, an amendment that would limit the width of the corridor to 800 feet and would require accessibility at each intersection of a highway or turnpike of the Trans Texas Corridor and a state highway or farm-to-market road. The bill would also put TxDOT in charge of department contracts with a private entity for the collection of a fee for the use of the TTC, and seeks to limit acquisition of rights-of-way solely to the purpose of furthering the transportation and utility functions of the Trans Texas Corridor. H.B. 1273 would also strip private corridor developers of the exclusive rights to develop hotels, gas stations, and restaurants along the corridor.

Opposition goes beyond farmers, ranchers and rural landowners. Some city leaders complain that the TTC will not help their traffic problems and foresee the loss of business if travelers are routed away from their municipalities. Small towns, already struggling economically, say they will die on the vine if bypassed. Environmentalists oppose the corridor because they believe the demand for it will fade in coming decades, with the prospect of higher fuel prices limiting travel. Others worry about a permanent mar on the Texas landscape. In an article appearing in the March 17, 2004 *San Antonio Express*, Ken Kramer of the Sierra

Club Lone Star Chapter said, "I think definitely the Trans Texas Corridor project as a whole, and even any one corri-dor...potentially has enormous environmental impacts."

Some Texans fear they will build it. Others fear they won't. One landowner remembers the 54-mile, \$11 billion Superconducting Super Collider which was abandoned in North Texas before completion. That left a big hole in the ground, but the massive tenacle-like strips of land required for the Trans Texas Corridor system, should it fail to materialize after condemnation, would not only be a trainwreck for agriculture, but a nightmare for everyone.

### **KEY IDEAS AND TERMS**

**Legislative Session:** The Texas Legislature meets in regular session for for 140 days from beginning in January of odd numbered years. The governor may special session for up to 30-days. This is termed "special" or "called" session of the Legislature.

The **North American Free Trade Agreement (NAFTA)** came into effect on January 1, 1994. NAFTA is a free trade agreement that comprises Canada, the U.S. and Mexico, exceeding 360 million consumers and with a combined output of \$6 trillion. Designed to foster increased trade and investment among the partners, NAFTA contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include disciplines on the regulation of investment, services, intellectual property, competition and the temporary entry of business persons.

The **Superconducting Super Collider (SSC)** was a ring particle accelerator which was planned to be built in the area around Waxahachie, Texas. It was planned to have a ring circumference of 54 miles and an energy of 20 TeV per beam, potentially enough energy to create a Higgs boson, a particle predicted by the Standard Model, but not yet detected. The project was awarded to Texas in November 1988 and major construction began in 1991. Seventeen shafts were sunk and 23.5 km (14.6 miles) of tunnel were bored by late 1993. The project was canceled by Congress in 1993. The closing of the SSC held drastic ramifications for the southern part of the Dallas/Fort Worth Metroplex, and resulted in a mild recession made most evident in those parts of Dallas which lay south of the Trinity River.

The **Texas Department of Transportation (TxDOT)** is a governmental agency in the state of Texas. Its purpose is to "provide safe, effective and efficient movement of people and goods" throughout the state. Though the public face of the agency is generally associated with maintenance of the state's immense highway system, the agency is also responsible for aviation in the state and overseeing public transportation systems.

## **12. Agricultural Use Valuation of Farm and Ranch Lands**

The traditional funding mechanism for Texas public education and units of government is the **ad valorem** property tax. In 2006, the Texas Legislature adopted a new margins tax to reduce the dependence on the property tax but it seems clear that the property tax will continue to play a significant role.

In 1978, the valuation of lands used for agricultural purposes was changed by constitutional amendment. Currently, if property is used for the raising of crops or livestock, it is valued on its agricultural productive capacity, not the market value. The difference can be substantial. By using this method, agricultural land is taxed just like other income producing property—on its ability to produce income.

Market values can be quite high, and the resulting taxes can be so high that the raising of crops and livestock cannot produce enough income to pay them. Since farmers and ranchers quite often own a lot of land, market value taxation can have the effect of forcing them off the land.

Controversy has arisen because some developers and others will keep land in agricultural use until they use it for development. A **roll back** provision requiring the payment of some back taxes based on market value minimizes the impact of this practice.

Many tax appraisal districts seem to be openly hostile to the concept of agricultural valuation since it represents what some see as lost tax revenue.

In Williamson County, north of Austin where, due to burgeoning high tech industries and high-end residential neighborhoods, market values are quite high, the courts may have to settle the latest disagreement over agricultural valuation. In this county, the appraisal district is designating a single acre as potential home sites on agricultural lands, whether there is any intent to build a home there or not. This single acre is taxed at a relatively high market value while the remainder is taxed at agricultural value. The resulting tax bill is substantially higher. More than 200 lawsuits protesting this practice have been filed.

The one thing on which everyone agrees is the importance of public education. There is disagreement on what role property taxes should play.

#### **KEY IDEAS AND TERMS**

**Ad Valorem:** Latin for "based on value," which applies to property taxes based on a percentage of the county's assessment of the property's value.

### **13. State Issue: Water Management**

Texas' guiding principle for groundwater (water extracted from aquifers beneath the ground surface) management is the **common law principle of rule of capture**. This rule, adopted in 1904, gives the landowner the right to capture an unlimited amount of groundwater by tapping into the underlying aquifer, as long as the water extracted is put to some use and not wasted. This is why the rule of capture is often referred to as the law of the biggest pump. By relying on the rule of capture, our historical approach has been to limit all public control of groundwater. This practice seems to work best when neighboring landowners are withdrawing similar amounts of water or they are not affecting each other's ability to withdraw "their" groundwater.

As nontraditional uses of groundwater, such as water ranching, become more common, some feel there needs to be a mode of protecting local interests from increased withdrawals. These local interests include rural communities, agriculture and ranching operations, and environmental water needs.

Methods groundwater districts have used to modify the rule of capture include: **correlative rights** - limiting water withdrawals to a reasonable amount for the land from which it is produced; the **doctrine of reasonable use**; and **historical use**- giving a priority to permits for landowners who can show the historical use of a certain amount of water for a preceding period of time. Groundwater districts have the obligation to protect their corresponding aquifers from overpumping. In some areas of Texas, aquifers recharge at a high rate while in others, such as the Panhandle, there is literally no recharge, so rules must be tailored to each specific aquifer and region.

**Groundwater conservation districts** have the ability to modify the rule of capture slightly. Empowered with new authority in 2003 during the 78th legislative session, districts are now better equipped at handling the issue of exploitation of groundwater within their boundaries. Districts now have clear authority to regulate spacing and production of wells to ensure the availability of groundwater in the district's boundaries, and they can deny a permit to withdraw groundwater based on the effect it may have on aquifer conditions. However, they do not have specific authority to prohibit the exportation of groundwater outside the district. The districts can require a permit amendment and charge a fee for an export, but they cannot deny the permit based on the groundwater's destination and they cannot adopt rules to limit exports.

As of 2002, 80 groundwater conservation districts covered approximately 50 percent of the state. In some areas of the state, districts are considered to be essential to the protection of groundwater resources because, in their absence, there is little recourse against the over-exploitation of aquifers.

#### **KEY IDEAS AND TERMS**

**Common Law** - That which derives its force and authority from the universal consent and immemorial practice of the people. The system of jurisprudence that originated in England and which was latter adopted in the U.S. that is based on judicial precedent instead of statutory laws passed by legislative bodies.

### **14. National Issue: Foot and Mouth Disease Monitored by APHIS**

USDA's Animal and Plant Health Inspection Service (APHIS) is closely monitoring an emerging animal disease situation in the United Kingdom. Foot-and mouth-disease (FMD), a highly contagious viral disease of cattle, swine, and other cloven-hooved ruminants, was detected on a farm in Surrey, England in early August and in September, a second case was confirmed at a farm near Egham, about 50 kilometers from the scene of the earlier outbreak.

"FMD is not transmissible from animals to humans, but it does have serious implications for animal agriculture in any country where the disease is detected," said APHIS Veterinarian Andrea Morgan in a statement released by the agency.

Immediately, USDA placed restrictions or prohibitions, depending on the type of product and level of processing, on all UK products derived from any FMD susceptible species. This includes any products

already en route to the United States. All live ruminants and ruminant products are currently prohibited due to bovine spongiform encephalopathy (BSE). However, swine meat and by-products are now prohibited/restricted.

The British agriculture ministry said a surveillance zone of more than 10 km (6 miles) had been placed around the farm in Egham and veterinary authorities ordered an immediate cull of the herd in question.

"On the basis of these initial laboratory results and clinical symptoms, Debby Reynolds, the Chief Veterinary Officer, has confirmed foot and mouth disease," the ministry said in a statement. It imposed an immediate ban on the movement of livestock in **England, Scotland and Wales**.

Britain suffered a crippling outbreak of foot and mouth disease in 2001 when more than six million animals had to be culled. The outbreak hit agriculture and tourism hard, costing the economy an estimated **8.5 billion pounds**.

Foot and mouth is a highly contagious disease which spreads easily on the wind. It can cause animals to foam at the mouth and collapse, and has an incubation period of up to three weeks.

Later on Wednesday the ministry said it had sealed off a farm in eastern England because of a suspected outbreak, but the presence of the disease had not yet been confirmed.

"The veterinary officer who visited from animal health simply couldn't completely rule out foot and mouth disease. It's not strongly suspected," Reynolds told **BBC television**.

In response to the latest outbreak, EU vets imposed an emergency ban on all British exports of fresh meat, livestock and dairy products. Veterinary experts would meet again to review the decision, most likely on Tuesday, officials said.

APHIS alerted the Department of Homeland Security's Customs and Border Protection (CBP) that effective August 3, the United States is placing a ban on all UK products derived from any FMD susceptible species.

"We will be working closely with our counterparts at CBP to ensure that these products are not imported into the United States and that travelers from the United Kingdom do not bring prohibited products back to the United States" said Morgan.

"USDA has a strong system in place for detecting and responding to outbreaks of foreign animal diseases, including FMD in the United States. This system begins with a cadre of USDA accredited private veterinary practitioners who partner with livestock producers and APHIS to report any suspected foreign animal disease cases to state and federal officials," she said.

"When a possible case of a foreign animal disease is reported, APHIS works with the state involved to immediately dispatch one of more than 400 specially trained foreign animal disease diagnosticians to the scene," Morgan said.

## Key Terms and Ideas

**Animal and Plant Health Inspection Service** A USDA agency established to conduct inspections and regulatory and control programs to protect animal and plant health. It utilizes border inspections to prevent international transmission of pests and disease, administers quarantine and eradication programs, and certifies that U.S. exports meet importing countries' animal and plant health standards.

**BBC:** The public service British broadcasting organization, was founded in 1922 and is formally known as the British Broadcasting Corporation.

**British Pound:** The **pound** (symbol: **£**; ISO code: GBP), divided into 100 **pence**, is the official currency of the United Kingdom and the Crown dependencies. At current exchange rates, a British Pound is worth about \$2.00.

**England, Scotland and Wales:** Great Britain is a nation that encompasses four states -- England, Scotland, Wales and Northern Ireland.

## 15. Current Event: Previewing the 2007 Federal Farm Bill

Federal farm support, food assistance, agricultural trade, marketing, and rural development policies are governed by a variety of separate laws. However, many of these laws periodically are evaluated, revised, and renewed through an omnibus, multi-year farm bill. The Farm Security and Rural Investment Act of 2002

(P.L. 107- 171) was the most recent **omnibus** farm bill, and many of its provisions expire in 2007, so reauthorization is expected to be enacted in the 110th Congress.

The heart of every omnibus farm bill is farm income and commodity price support policy — namely, the methods and levels of support that the federal government provides to agricultural producers. However, farm bills typically include titles on agricultural trade and foreign food aid, conservation and environment, forestry, domestic food assistance (primarily food stamps), agricultural credit, rural development, agricultural research and education, and marketing-related programs. Often, such “miscellaneous” provisions as energy, food safety, marketing orders, and animal health and welfare are added. This omnibus nature of the farm bill creates a broad coalition of support among sometimes conflicting interests for policies that, individually, might not survive the legislative process. The scope and direction of a new farm bill likely will be determined by a number of contributing factors, including financial conditions in the agricultural economy, competition among various interests for federal spending, and international trade negotiations, among others.

Among the thorniest issues will be future farm income and commodity price support. Title I of the 2002 farm bill was designed to provide fixed direct payments to producers of major crops (grains and cotton), while maintaining the flexibility to plant in response to market signals, among other provisions. However, to offset unanticipated low commodity prices, **fixed decoupled payments, counter-cyclical payments, non-recourse loans** were adopted to preclude the need for emergency farm payments. Questions of equity (e.g., who should get aid and how much), program cost, conformance with **WTO** trade obligations, effects on U.S. competitiveness in the global marketplace, and the unintended impacts of agricultural activities on the environment are among the considerations in the farm bill debate.

The economic prosperity of the U.S. farm sector is heavily dependent upon exports, so the provisions of a new bill reauthorizing farm export and foreign food aid programs also will be of keen interest. However, the future of commodity support programs, and trade promotion and food aid programs, could change with the outcome of the ongoing **Doha round** of multilateral trade negotiations. Moreover, the agricultural credit, research, conservation, domestic nutrition assistance, and rural development titles will bring an array of interests into the debate, and their issues and concerns could prove equally contentious.

Both the U.S. House and Senate will pass respective version of a farm bill. The House of Representatives approved a version of the bill on July, 27, 2007. As of the writing of this brief, the Senate Agriculture Committee had not introduced its version. When each house passes differing versions of the same legislation, a **conference committee** made up of legislators from both houses convene to hammer out the differences.

Congress typically doesn't give a lot of consideration of Administration farm bill proposals, preferring to draft the bill themselves. That certainly has been the case this time around. But, that does not mean that the Administration is shut out of the congressional farm bill process. Traditionally, the Administration has had a seat at the table at Senate-House conferences on the farm bill, making these sessions three-way negotiations to an extent. This is because Congress needs the President's signature to have its farm bill become law; and, if a President opposed to key provisions vetoes the bill, Congress would be hard put to round up the two-thirds majority needed to override the **veto**.

In this farm bill debate, Secretary of Agriculture Mike Johanns has already, even before conference, staked out an activist role. In this effort, he is being ably assisted by Deputy Secretary Chuck Conner, who has gone through enough farm bills (either when he was a congressional staffer, White House official, or lobbyist) to know how the process works and how to maximize the Administration's influence.

Substantively, Secretary Johanns already has threatened veto recommendations on the revenue-raising measure attached to the House farm bill, and on any efforts to increase price support loan rates. On these issues, and on others the Administration has strong positions about, such as payment limitation reform, expect the Administration to be directly involved in the final decision making.

Congress has at its disposal the option of extending the current farm bill. As this year has unfolded, there have been repeated calls for Congress to avoid divisive disputes on difficult issues--such as finding money to fund all the programs or the specific terms of the farm and income support programs (loans, direct payments, and counter-cyclical payments)--by extending the current farm bill for at least a year.

A straight extension certainly is an option Congress will have at its disposal throughout the remainder of this farm bill debate. However, as Congress moves past one after the other benchmark in the legislative process, and as the congressional leadership and Administration continue to reiterate their commitment to seeing the job through to the end, one senses that the straight extension option is getting pushing farther and farther into the background. If the Senate Agriculture Committee doesn't get a bill reported fairly soon, the calls for an extension will increase and grow louder.

### **Other Farm Bill Notes:**

Two government programs relating to animal agriculture have been the subject of discussion recently in connection with the drafting of the 2007 farm bill: country-of-origin labeling ("COOL") and the national animal identification system ("NAIS"). Break-through amendments to the COOL law were included in the version of the farm bill passed by the House of Representatives on July 27. NAIS NOT IN THE FARM BILL: USDA's national animal identification system, in operation as a voluntary program for several years now, is designed to facilitate rapid and effective animal disease traceback. It has three components: premises registration, animal identification, and tracing. Over 406,000 premises have been registered to date.

While NAIS has been the subject of debate in agriculture, the House-passed farm bill did not include any provision dealing with the matter. The Senate won't draft its version of the farm bill until September or October, and we don't know yet whether it will include a NAIS provision.

It is worth noting that the **Government Accountability Office** (GAO) recently released an audit of the NAIS program identifying several issues of concern and suggesting that implementation of the program needs improvement, but made no recommendations for legislation on the program.

COOL IS IN THE FARM BILL: The 2002 farm bill included a provision requiring retailers other than restaurants to label meat, fish, perishable commodities, and peanuts by country of origin. This turned out to be controversial, especially for meat products, so that the requirements were never implemented. However, just before the farm bill was taken up by the House of Representatives last month, a compromise was reached by the warring parties on the issue, and the compromise was included in the House-passed bill. If the compromise holds together, the same language likely will be added to the Senate version as well and COOL finally will be implemented.

## **KEY IDEAS AND TERMS**

**Counter-cyclical payment**—Counter-cyclical payments are available to eligible commodities under the 2002 Farm Act whenever the effective commodity price is less than the target price. The effective price is equal to the sum of 1) the higher of the national average farm price for the marketing year, or the commodity national loan rate and 2) the direct payment rate for the commodity. The payment amount for a farmer equals the product of the payment rate, the payment acres, and the payment yield. Payments are considered counter-cyclical since they vary inversely with market prices.

The **Doha round** of WTO negotiations began in November 2001. This round was to have begun at the 3rd ministerial conference in Seattle in 1999, and was to have been called "The Seattle Round" but severe demonstrations disrupted those meetings, and this round's beginning was put off until the meetings at the more secure and controllable Doha, Qatar. The purpose was to agree on the Doha Development Agenda, and from there negotiate opening agricultural and manufacturing markets. The intent of the round, according to its proponents, was to make trade rules fairer for developing countries. Opponents charged that the round would expand a system of trade rules that were bad for development and interfered excessively with countries' domestic "policy space".

The **Government Accountability Office (GAO)** is the audit, evaluation, and investigative arm of the United States Congress, and thus an agency in the Legislative Branch of the United States Government. The GAO is headed by the Comptroller General of the United States, a non-partisan position in the U.S. Government. The Comptroller General is appointed by the President, by and with the advice and consent of the Senate, for a 15-year, non-renewable term. The President selects a nominee from a list of at least three individuals recommended by an 8 member bi-partisan, bicameral commission of congressional leaders. The Comptroller General may not be removed by the President, but only by Congress through impeachment or joint resolution for specific reasons.

**Decoupled payments**—Government program payments to farmers that are not linked to the current levels of production, prices, or resource use. When payments are decoupled, farmers make production decisions based on expected market returns rather than expected government payments.

**Nonrecourse loans** - Farmers or processors participating in government commodity programs may pledge certain stored commodities as collateral and obtain a loan from the CCC at a commodity-specific, per-unit loan rate. The borrower may repay the loan, with interest, within a specified period and regain control of the

commodity. Alternatively, the commodity can be forfeited to the CCC at the end of the term with no penalty. The government takes no recourse beyond accepting the commodity as full settlement of the loan. In the past, loan rates sometimes exceeded market prices. The CCC then became an alternative purchaser to the market, thereby supporting prices. For those commodities eligible for marketing assistance loan benefits, producers may repay the loan at the world price or posted county price.

**Omnibus Bill:** A measure that combines the provisions related to several disparate subjects into a single measure. Examples include continuing appropriations resolutions that might contain two or more of the thirteen annual appropriations bills.

**Veto** Disapproval by the president of a bill or joint resolution (other than one proposing an amendment to the Constitution.) When Congress is in session, the president must veto a bill within 10 days, excluding Sundays, after he has received it; otherwise, it becomes law without his signature. When the president vetoes a bill, he returns it to the house of origin with a message stating his objections.

**World Trade Organization (WTO)** The international organization established by the Uruguay Round of multilateral trade negotiations to oversee implementation of the General Agreement on Tariffs and Trade and the agreements arising from the Uruguay Round, including the Uruguay Round Agreement on Agriculture.

The **United States House of Representatives** (or simply the **House**) is one of the two chambers of the United States Congress; the other is the Senate. Each state is represented in the House proportionally by its population, and is entitled to at least one representative; the most populous state, California, has 53 representatives. The total number of representatives is currently fixed at 435 by Public Law 62-5 of 1911, though Congress has the authority to change that number. Each representative serves for a two-year term. The presiding officer of the House is known as the Speaker, and is elected by the members.

**United States Senate** is one of the two chambers of the bicameral United States Congress, the other being the House of Representatives. It is known informally as the "upper house." In the Senate, each state is represented by two members. The Senate's membership is therefore based on the equal representation of each state, regardless of population. Since there are now fifty states, with two senators per state, the total membership of the body is now one hundred. Senators serve for six-year terms that are staggered so elections are held for approximately one-third of the seats (a "class") every second year. The Vice President of the United States is the President of the Senate and serves as its presiding officer, but is not a Senator and does not vote except to break ties. The Vice President rarely acts as President of the Senate unless casting a tie-breaking vote or during ceremonial occasions. As such, the duty of presiding usually falls to the President *pro tempore*, by tradition the most senior senator of the majority party.