



---

### GOAL 3

---

#### **Develop and incorporate comprehensive insurance and financial strategies into drought preparedness plans.**

We firmly believe that preparedness measures will go far to reduce this country's vulnerability to drought. But we also recognize that prolonged drought causes risks that the best preparedness measures may not adequately address. The most significant approach to such risks in recent years is the federal government's crop insurance program for farmers. We had neither the expertise nor the resources to investigate thoroughly the various options to improve the crop insurance program or the other proposals that were presented during our deliberations and that Congress has grappled with for many years. (Our full report briefly describes several alternative plans.) Still, we are convinced that sound insurance and financial strategies are essential if the country is to move away from emergency relief in response to widespread drought.



*Karen Neeley, General Counsel for the Independent Bankers Association of Texas, suggested changes in the federal crop insurance program at the Commission's hearing in Austin, Texas.*

### Specific Recommendations

- 3.1 We recommend that Congress authorize and fund the U.S. Department of Agriculture to evaluate different approaches to crop insurance, including a cost of production plan. The evaluation should assess whether the approaches are practicable and prudent for all farmers, ranchers, and other stakeholders in all regions of the country and whether they set standards that encourage efficient water use.
- 3.2 We recommend that the U.S. Department of Agriculture, in cooperation with state and local governments and the private sector, expand training to rural communities, farmers, and ranchers across the country on various financial strategies.
- 3.3 We recommend that the Small Business Administration, through its private-sector partners, provide information and training to small business owners on developing financial and business management strategies.

---

### GOAL 4

---

#### **Maintain a safety net of emergency relief that emphasizes sound stewardship of natural resources and self-help.**

The Commission recognizes that over time, efforts at drought preparedness, including risk management, can greatly reduce, but not eliminate, drought-related emergencies. Response measures for drought emergencies can also be useful to respond to water shortages not caused by drought. In all cases where emergency response is required, it should be effective and timely.

### Specific Recommendations

- 4.1 Congress should authorize the Secretary of Agriculture to borrow from the Commodity Credit Corporation to implement the Department of Agriculture's emergency programs.