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. As we heard, however, that program does not cover all crops nor does it cover livestock. In addition, payments from the program are often “too little, too late” and are administered differently across the country. There is no similar program for others who are at particular risk from drought. Assistance must be pieced together from various sources or is simply not available. Time and again, the federal government is asked to appropriate emergency relief that costs at least $500 million a year on average.

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. Still, we are convinced that sound insurance and financial strategies are essential if the country is to move away from relying on emergency relief in response to widespread drought.

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.

During a drought, the incidence of soil erosion may increase.