

Eickholt, Brad

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**Sent:** Tuesday, August 23, 2005 11:13 AM  
**To:** FarmBill  
**Subject:** Comments on Key Issues of the 2007 Farm Bill

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Thank you for the opportunity to comment on issues to be considered in the 2007 Farm Bill. Attached are comments on the Key Issues identified for comment in the new Farm Policy being developed.

## Key Issue for Comment

### **1. The competitiveness of U.S. agriculture in global and domestic markets.**

I believe that it is going to be necessary to lower price subsidies on agricultural products in order to compete in foreign markets.

### **2. The challenges facing new farmers and ranchers as they enter agriculture.**

New farmers and ranchers will face many obstacles in establishing new farming and ranching ventures. Unless they are blessed with a high cash reserve or branch out from an existing operation, they will face extreme difficulties in our current agricultural community.

Larger farming and/or ranching businesses (corporations) are willing to pay premium prices for direct purchase or rental of agricultural lands. Larger operations can blend these higher rates into their total operation and make it work (cash flow). A beginning operator must be able to show a profitable cash flow in order to secure lending for their operation. Lending institutions will not, nor should they, loan new operators the necessary capital for the venture if the operation fails to show a reasonable profit margin. The stark realities of the early 1980's should be a vivid reminder to both lenders and borrowers as to the value of applying sound principals in financial policy.

### **3. The appropriateness and effectiveness of the distribution of farm program benefits.**

Farm policy has served agriculture and will continue to serve in the future however, production agriculture is currently "out of control" with a policy that promotes production at all cost without any regard to supply and demand. Is it any wonder that current commodity prices are at their current level? A private businessman in the community would be bankrupt and out of business if he operated under the current Federal farm policy guidelines. USDA provides an "umbrella" of programs and "emergency relief" that guarantee profitability to producers. This promotes the expansion of large corporate farming operations and due to the loopholes in the programs assures **all** partners in the corporation maximum payments. These corporations are the same operations that have driven up crop rental rates and land values. Small and beginning farmers find it difficult, if not impossible, to compete with large corporate operations with the current farm policy guidelines. Large operations turn into mega operations. The current farm policy does nothing to encourage producers to reduce production. Maximum production is encouraged by the current farm policy. Consequently, large corporate operations receive a disproportionate share of the program benefits.

There is no incentive to cut back in production when LDP's are based on **MAXIMUM PRODUCTION**. A cap placed on the number of bushels per acre eligible for LDP's would be a step in the direction of fiscal responsibility. For example, a 140 bushel per acre (Nebraska's last 5 year average) cap on corn eligible for LDP's would have a tendency to reduce production, possibly increase market price and save a lot of expense in fuel, fertilizer, seed cost, insecticide and herbicide. This would also result in the saving of huge quantities of natural resources used to manufacture these products. The reduction in production expenses would probably give the producer a better profit line. **Any production over the cap would not be eligible for LDP's** and would be marketed at the going market rate for the product. Currently, there is no incentive for producers to cut back in production as more bushels produced per acre result in higher USDA payments. This type of "farm welfare" tends to promote itself into a way of life instead of being a temporary assist to those most in need of a "helping hand".

#### **4. The achievement of conservation and environmental goals.**

CRP, WRP, Buffer Initiatives and similar programs are some of the best attempts for conservation and environmental friendly programs. It is essential that these programs be managed as conservation and environmental friendly programs. Indiscriminate releases for "emergency declarations" is not appropriate, especially when the producer still receives up to 90 percent of the annual payment. When haying and grazing occurs under these "emergency releases" 100 percent of the annual payment should be forfeited. The producer should be eligible for one or the other but not both.

CRP released for haying and grazing by domestic livestock during prolonged drought can be beneficial to the producers but remember, drought also stresses both wildlife and the grasslands. Past releases for haying and grazing have not allowed adequate time for vegetative regrowth on hayed and grazed sites. Without adequate leafage, these plants lose the ability to sustain the plant or build up adequate root reserves necessary for the viability of the plant.

Conservation programs must be protected from indiscriminate raids during periods of stress in the agricultural arena. Managed haying, prescribed burning, mowing and/or shredding followed by interseeding with legumes are current available tools for the management of CRP sites. These activities are available under FOTG Practice 647, Early Successional Habitat Development/Management and should be incorporated into the conservation plan and used to sustain quality soil and water benefits as well as excellent wildlife habitat.

#### **5. The enhancement of rural economic growth.**

Many small rural communities are slowly but surely dying. There seems to be little interest by USDA at directing economic stimulus towards small town

business. Recreational opportunities could be provided by many USDA programs such as CRP, CCRP, CREP to mention a few. For example, an automatic walk-in provision for hunting on CRP lands could provide the stimulus to attract resident and non-resident recreationists to rural America. Walk-in access to CRP would *attract hunters and bring some needed economic relief* to rural communities. Motels, grocery, gas stations, restaurants and other businesses would benefit from these users spending money in their community. Landowners enrolled in CRP could be paid an additional stipend (similar to the annual maintenance payment currently paid in CRP agreements) for the walk-in provision of the program. This type of program would open millions of acres of land for millions of recreational users.

I would like to propose a couple of **OPTIONS** to facilitate the re-enrollment of millions of CRP acres due to expire in 2007. These options would also simplify the re-enrollment process for USDA County offices. **OPTION # 1** - automatic renewal of expiring CRP contracts when the producer agrees to up-grade 100 percent of the site over a 3 year period, USDA provides **50 percent** of the cost of the up-grade based on County averages **AND** allow walk-in access for hunting. An additional stipend would be paid annually for the access portion of the agreement. **OPTION # 2** - automatic renewal of expiring CRP contracts when producer agrees to up-grade 100 percent of the site over a 3 year period, USDA provides **100 percent** of the cost of the up-grade based on County averages **AND** allow walk-in access for hunting. **No additional payment is made for access on Option # 2.** Automatic renewal means producers are not required to compete for Environmental Benefits Index (EBI) points. Up-grading or enhancement consists of soil disturbance (disking) and seeding of legumes. Producers not wanting either of these options would follow the standard enrollment procedures for CRP enrollment.

Producers choosing either of the two options would continue to receive the benefits of CRP, local businesses would benefit from an increase of dollars being spent in *local communities*, *improved habitat* would result in more wildlife both hunted and non-hunted species, hunter numbers both local and non-resident, would increase due to the open access of CRP lands. What better way to bring additional income to depressed rural economies? What an opportunity to promote hunting as one of America's great traditions! It would be a *giant step in providing "benefits"* to the producers, local rural economies and that segment of the American population not directly involved in production agriculture.

There seems to be a trend for USDA to promote the leasing of CRP for recreational (hunting) purposes. This trend turns hunting into a "rich mans" sport. Where do you expect young Americans to learn and experience wildlife and hunting? Where do you expect older Americans to enjoy the tradition of hunting and mentoring young hunters? **It will not happen on CRP lands leased by a select few.** Economic relief to small rural communities will not happen when most of the CRP is leased by a select few. Wildlife generated by conservation

programs should be made available the citizenry that provide the funds that pay for the programs.

**6. Opportunities to expand agricultural products, markets and research.**

There needs to be serious encouragement to producers to venture into some alternative or new cropping and/or alternative methods of farming (organic). There needs to be encouragement to change their cropping pattern if their current operation is losing money. If their entire operation is based on USDA payments, maybe they should look to a new crop or a change in technique. They might want to look at their operation in a "what if USDA payments were not available or available at a reduced level". What changes can I make, as a producer that will make me more efficient and profitable?

I don't believe we need to research how to produce more of the current commodity crops. Producers need to be encouraged to change their operation when possible and become less reliant on USDA subsidies.

With regard to the promotion of ethanol as the "answer" to our fuel crisis, I would like to know the conversion rate of a bushel of corn to gallons of ethanol. That answer seems to be as elusive as Osama bin Laden. There seems to be many unanswered questions about ethanol. I believe the promotion of ethanol by USDA and House and Senate Representatives before the facts are truly known is very inappropriate. Kind of sounds like going to war without all the necessary information. I, for one, would like to know the **unbiased** facts about ethanol before billions of taxpayer dollars are used to develop a product that should be financed in the private sector. If the private sector is going to reap a large portion of the benefits of this "wonder" product then they should be investing their own resources into its development.

Thank you for the opportunity to comment on the new Farm Bill.

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