

Statement of the Nebraska State Grange on the Farm Program

September 15, 2005

Hello and thank you Secretary Johanns for this opportunity to speak today. My name is Joe Fryman. I am President of the Nebraska State Grange. I am also a dry land corn and soybean farmer from eastern Nebraska, near Blair, operating a family farm that has been in my family for over 125 years.

Rather than focus on low commodity prices, especially corn, or high energy and input costs, I would instead like to offer a rather specific suggestion relating to loan deficiency payments or LDP's. The following resolution was adopted at our Nebraska State Grange Annual Convention last weekend.

WHEREAS under the present farm program, LDP's are based on actual bushels produced in the current year, and

WHEREAS in years of lower production due to drought, hail, etc. a farmer will have fewer bushels to sell as well as fewer bushels to determine the LDP payments on, and

WHEREAS the years of lowest production would be the years one could use more assistance, therefore be it

RESOLVED that the Grange support efforts to have the LDP figured on average yields for a particular farm using the average production history (APH) according to the Federal Crop Insurance Records rather than the actual production for the current year, and be it further

RESOLVED that the producer retain the right to choose the day when the LDP price would be established.

I feel this could be a win-win situation for the producer and the taxpayer. By using 100% of the Federal Crop Insurance Actual Production History yields, a producer would have a higher figure to base LDP's on in a poor production year, while in an above average production year the need for LDP's may not be as necessary due to the greater number of bushels to sell. This would provide more assistance to producers in a short crop year.

By using APH figures, the workload in the FSA offices should be reduced. Under this proposal, the tasks of bringing in production evidence, recording, and trying to keep straight what bushels have or have not been used to collect the LDP would be lessened. The problems associated with determining when beneficial interest changes hands would be eliminated, as the producer could apply for the LDP anytime during the marketing year, even before the crop was harvested. ~~The temptation for someone to put new crop grain on top of old crop grain in a bin and collect a LDP on some of that grain a second time would be minimized.~~ The reduced FSA workloads ~~and fewer opportunities for fraud~~ should translate into savings for the taxpayer.

Also, rather than cutting LDP payments, the Nebraska Grange supports efforts to lower the cap on program payments to entities. We feel this is one good way to hold the cost of the program down, while directing the assistance to more moderate sized farms.

A farmer owned grain reserve would seem to make sense as this nation attempts to achieve more energy independence and a less vulnerable fuel supply.

The Grange has always been a supporter of the family farm. We feel that it behooves the nation, taxpayers, as well as farmers and ranchers to maintain the family farm as the foundation for American agriculture. Government, farm organizations, and other rural advocates need to somehow get Americans to realize what a great food system we have and that keeping this competitive, reliable, and safe system in place is worth the cost. We need to make them realize that they are getting something of value for their tax dollar. It also is worth noting that in most cases, for every dollar that a producer receives, he returns 1/3 or more of that amount back to the government in the form of federal, state, or self employment taxes.

Thank you for allowing me this time to share with you some of the Grange's positions on shaping the new farm policy.