NeCGA
Nebraska
Corn Growers
Association

2007 Farm Bill Listening Session
Nebraska State Fair
August 31, 2005
Comments provided by the Nebraska Corn Growers Association

The Nebraska Corn Growers Association (NeCGA) has just begun to formulate a position on the 2007 Farm Bill. Through our grassroots policy process, members of our local organizations bring ideas and policy positions to our annual meeting in December. Then delegates will debate, develop, and define our positions on a number of issues including NeCGA's recommendations for the 2007 Farm Bill. Therefore, my comments this evening will be based on existing policy and input from the NeCGA Governmental Affairs Committee. In my remarks, I will address the current farm bill, budget reconciliation, direct payments, conservation, crop insurance, and rural development.

When viewed in the aggregate, our members are supportive of the 2002 Farm Bill and its basic direction. We support applying that same structure to the 2007 Farm Bill. Risk management components, such as counter cyclical payments and marketing loan payments, which activate in times of low prices yet limit budget expenditures in better times, are viewed favorably by NeCGA members.

Such overall support leads to NeCGA's opposition to structural program changes that reopen the 2002 Farm Bill. In the event of budget reconciliation cuts in the farm safety net, NeCGA supports equitable and proportional across-the-board cuts in key support programs including direct payments, counter cyclical payments, and marketing loan assistance programs. Due to its risk management enhancement, federal crop insurance should be exempt from

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spending cuts. Any savings from conservation programs should be limited so the integrity of the programs is maintained.

Earlier I noted our members' support for counter cyclical payments and marketing loan payments. However, the impact WTO rulings may have on the future of these components of the farm safety net remains unclear. More financial emphasis on direct payments, while possibly passing WTO rules, may have undesired consequences.

Numerous studies have shown that direct payments are capitalized into land values and land rents. In the 2007 Farm Bill consideration might be given to targeting the direct payments to activities of the farmer rather than strictly to production history and ultimately to landowners. Decoupling of direct payments from production history must require delivery of practices and performance measurements by the farmer to prevent any perception of a direct entitlement.

Additionally, agriculture must be sensitive to the growing disconnect between the public and itself. We should be concerned regarding the public's misunderstanding of farm programs and the perception that they are entitlement programs. Agriculture must create an appreciation that farm programs allow farmers to deliver an abundant and safe food supply while farming in a responsible and environmentally sound manner.

Conservation programs, such as the Conservation Security Program (CSP), have been suggested as a means to distribute farm payments. NeCGA policy supports conservation programs and rewarding outstanding stewardship. However, the mechanics, bureaucracy, and targeted nature of the CSP as it is being implemented today, would certainly not deliver farm program benefits to a broad cross section of farmers. CSP's motto "Reward the best and motivate the rest" highlights the exclusionary nature of the program. An evolutionary process of education and phase-in of conservation incentives may provide a basis for future shifts of direct production payments to conservation oriented payments. NeCGA is in favor of significant accountability for achievement of conservation goals. Additionally, NeCGA would not support a dilution of conservation goals to accommodate a wider distribution of conservation oriented payments.

NeCGA views federal crop insurance as a major component of the farm safety net. Federal crop insurance continues to evolve as deficiencies and shortcomings are highlighted by natural events or individual manipulations. Problems which NeCGA believes need to be addressed include: erosion of insurable yield levels by multi-year natural disaster losses and equalization of premium support between levels of risk categories. Farmers assuming more risk through enterprise unit or group policies should receive the same percentage of premium subsidy as those assuming the least amount of individual risk through optional units.

And finally, NeCGA sees rural development as the key to sustaining rural communities and states such as Nebraska. The contraction in the number of full-time farmers and depopulation in communities once dependent on agriculture is intrinsically linked to the commoditization of U.S. agriculture. Agriculture needs a new focus; an emphasis on entrepreneurship versus entitlement. Programs are needed which develop and fund value-added education and rural entrepreneurship. In an atmosphere where farmers take more ownership in their futures, benefits will accrue when farmers participate as shareholders, not merely as vendors.

The agricultural community still has a long course of action in developing the 2007 Farm Bill. NeCGA is pleased to be involved in formulating a Nebraska position which hopefully will influence the development of national policy to the benefit of the Nebraska agricultural economy.