

Office of the President

August 25, 2011

Honorable Debbie Stabenow
Honorable Pat Roberts
Members of the Senate Committee on
Agriculture, Nutrition and Forestry
Washington, DC 20510

RE: 2012 Farm Bill Field Hearing, Wichita, Kansas

Madam Chair, Ranking Member, and Members of the Committee,

Thank you for coming to Kansas and for the opportunity to provide comments as we begin a discussion of future farm policy for our nation.

I am Steve Baccus, a producer from Minneapolis, Kansas. My operation consists primarily of corn and soybeans. We also occasionally grow a little wheat. I have the privilege of serving as the President of Kansas Farm Bureau, the state's largest general farm organization.

Kansas Farm Bureau represents nearly 40,000 families who work each day to grow crops and livestock that travel around the globe to feed a hungry world. Our grass-roots organization can be found in each of the state's 105 counties. As you well know, those local entities are the foundation of our organization and the starting point for our policy development process.

The parallels between this hearing and one held years ago in Dodge City are striking. At that time the nation faced a budget crisis and the calls for cuts to farm programs were as deafening as they are today. Similarly, at that time, farmer support programs had already been the subject of significant reductions in spending. And, like today, the need for a stable and functional safety net for our nation's food system was paramount.

I reference that time in history not to downplay the current situation - we are certainly at a point where the leaders of our nation must take significant steps to curb spending and put our fiscal house in order - but to reinforce the current situation in agriculture spending. In recent years we've sustained \$12 billion in cuts to crop insurance, and due to record commodity prices we've generally not accessed counter-cyclical payments. Yet, critics continue to call for the reduction or

elimination of the farm safety net, putting at risk not only the ability of our producers to secure financing for ongoing operations but also the food security of our nation.

Given the economic times and the exploding world population, it is more important than ever that we critically examine programs to ensure a strong safety net which protects opportunity for America's farmers and produces true value for American taxpayers.

Our member-adopted policy supports development of the next Farm Bill based on the following principals:

- Baseline funds should not be diverted outside the Farm Bill.
- In general, the concepts of the 2008 Bill should be extended.
- Efforts should focus on providing a strong safety net that does not necessarily guarantee a profit, but that protects crop and livestock producers from catastrophic losses.
- The farm safety net should include both direct payments and crop insurance as well as mechanisms to protect producers when the market shifts downward.
- The Farm Bill must provide effective risk management tools.
- Producers must be allowed the flexibility to plant in response to market demands.
- Conservation programs must continue to protect natural resources.
- Trade agreements and compliance efforts must be recognized.
- Efforts made to promote market access should be continued.

Commodity Programs and Crop Insurance

Direct payments have been foundational in maintaining a strong safety net for American agriculture. They also remain one of the only segments of our farm policy deemed compliant with international trade policy. These payments are also relied upon by banks in their efforts to meet increasing loan standards when financing farm operations.

Direct payments also provide a mechanism to encourage a new generation of farmers to enter the industry. In a day when the average age of a Farm Bureau member is 59 years this concept becomes more important than ever.

In 2011, parts of Kansas and the Midwest are experiencing extreme drought. At the same time other parts of our state and neighboring states are experiencing record flooding. Direct payments provide a stabilizing force which, in some cases, allow producers to remain on the farm until better times arrive.

If priorities must be declared then a strong and viable crop insurance program will top our list. Viable risk management tools have become the most dependable resource producers can access to ensure a revenue stream and minimize the inherent risk that weather injects into a farming operation.

We have greatly appreciated recent efforts by RMA to address the concerns of producers surrounding issues such as limited irrigation policies, spring planted crops, and a host of other issues. The agency has become a valuable partner to the industry and we look forward to the opportunity to continue to work with them.

That relationship can only continue if cuts to crop insurance programs are off the table. Recent actions have obliterated any discretionary spending and future cuts will result in impacts to the producer subsidy side of the program. Premiums will increase and obtaining crop insurance may become financially prohibitive to producers, removing what may be the most significant component of the future farm safety net.

Conservation

Our policy strongly supports working lands programs. Chief among those is EQIP which is, in our opinion, the best and most effective way to implement multiple conservation practices. Many of our farmers and ranchers are engaged in multiple contracts on projects that impact a wide range of conservation practices. Simply put, preserving existing funding in EQIP or to the extent possible expanding these opportunities creates a win for all involved.

We continue to have concerns about whole-farm programs requiring producers to enroll every acre of farm ground or range land in a single program. Throughout its history the CSP has had limited impact among our producers. The enrollment process is difficult and dollars are targeted and limited such that the benefits often don't reach the level of broader-based programs such as EQIP.

While we remain supportive of the CRP, the current discussion may provide an important opportunity to reassess the focus of this program. As you know, the original intent of the program focused on environmentally sensitive land. It also served the dual purpose of helping reduce grain stocks at a time when supply was far greater than necessary.

While the original intent remains valid, the committee may want to consider the following as it moves the CRP to a new focus

- Limiting whole-field enrollment to fewer acres.
- Reforming the Environmental Benefit Index to assure erosional issues are paramount to wildlife issues.

- Providing higher priority and higher payments for highly sensitive areas such as buffers, wetlands other water quality protection measures in Continuous CRP.
- Reducing or eliminating rental penalties for emergency haying and grazing when weather-related or other emergency situations warrant and promoting a simpler and quicker process for those decisions.
- Grazing whole fields with appropriate reduction in payments to maximize the productive value of those acres.
- Providing alternatives to burning in semi-arid regions without negative repercussions to producers who are bidding new contracts.
- Allowing expiring contracts to re-enroll buffers and field borders when the field does not qualify as a whole during the re-bid process.

Trade

Producers have long supported the concept that expanded opportunities to market commodities outside of our borders will result in better international relationships and provide stability to the industry. To this end we support ongoing efforts to increase market access and/or elimination of trade barriers. The Market Access Program and the Foreign Ag Service are key components in this effort and should be continued.

While not directly related to Farm Bill reauthorization, we also strongly support current Food Aid programs, which allow the United States to use its agricultural capacity to enhance food security and economic development around the globe. These programs enhance the reputation of the U.S. as a reliable supplier of agricultural products and expertise and as a leader in fostering global economic development. Food Aid programs directly translate to future opportunities to develop new markets and promote healthy economies world-wide.

Finally, regarding trade, we would be remiss if we did not voice our strong support for enactment of pending Free Trade Agreements with Korea, Panama and Colombia. As you well know, each day we wait is a day the U.S. loses valuable market share. We ask that you continue efforts to bring those efforts forward for votes and move them toward enactment so that producers can benefit from those new opportunities.

Rural Development

Kansas Farm Bureau recently began a focused effort to better understand and develop solutions to the decades-old trends of out-migration and rural decline. While agriculture continues to play a significant role in rural economies, many regions today depend on a broader economy which can directly support the economic health of farm families who seek off-farm employment opportunities as

well as the educational and social opportunities necessary to maintain a healthy and productive rural America. In many instances this rural economy has been the bright spot in recent economic downturns. We should do everything we can to ensure that this segment of our economy continues to thrive.

In today's environment, where resources are scarce, focus on collaborative efforts that maximize impact is the only option. To that end we offer the following for your consideration as you draft a rural development title:

- USDA today administers 31 of the 80 federal economic development programs. Serious effort should be made to streamline the number of programs offered and the process by which communities access funds and program assistance.
- Federal incentives should promote regional cooperation and encourage local governments and community groups to work together to develop and advance diverse regional economies through innovation and performance based assessments.
- Fundamentally, trends can only be turned when communities have stable and progressive leadership, access to wealth and capital, incentives to attract and retain youth, and growing and vibrant entrepreneurial climates. Federal programs should focus on these areas.

Research

As you know, world populations are exploding. In any best case estimate agricultural production must produce 70 to 100% more by 2050 than we do today. Current efforts are likely to yield only a 40% increase in our production by that time. We have significant work to do.

Federal programs must encourage both public and private investment in efforts that will produce new information to improve soil, environmental and socioeconomic conditions and allow producers to continue to produce high quality, affordable food on a shrinking land base.

We must also strive to improve the acceptance and implementation of technology in agriculture. Our competitive advantage in world markets will be maintained only through the continued support and encouragement of technological advancements. To that end, our partners in the biotech industry should be encouraged to cooperatively develop protocols for products as they come off patent to allow producers to access and implement cost effective practices on their operations.

Regulation

American agriculture will remain viable and sustainable only when given the opportunity to operate in an environment free from burdensome and costly

regulation. Currently, federal agencies have proposed rules or are drafting guidance on a significant list of topics, including (but not limited to) the following:

- Expanding jurisdiction and regulation of waters of the U.S.
- The use of GPS systems in production agriculture
- Increased regulation of smoke and dust
- Efforts to introduce endangered species on privately held property
- Regulation of livestock emissions of greenhouse gases
- New permitting for the application of pesticides
- Reassessment of the safe use of Atrazine
- Efforts to expand or enact numeric nutrient criteria for waters across the nation

We greatly appreciate efforts to encourage common sense approaches to regulation which, if implemented, would put many producers out of business. Please keep up the good work.

Conclusion

As you move forward to make difficult decisions on the future of farm policy, Kansas Farm Bureau in cooperation with farmers and ranchers across the state and nation stands ready to assist.

Thank you for coming to Kansas!

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Baccus". The signature is fluid and cursive, with a large initial "S" and "B".

Steve Baccus
President