Thank you, Senators, for this opportunity to present input on the 2007 Farm Bill on behalf of the Nebraska Corn Growers Association and our nearly 1700 farmer-members.

There have been significant changes in agriculture and rural America since the 2002 Farm Bill. WTO talks are not going as expected. Congress has had to pass three ad hoc disaster bills in five years. And the Renewable Fuels Standard has dramatically altered our nation's energy outlook, created value-added opportunities for farmers and is changing the rural landscape as a whole.

Other factors are also weighing heavily on the federal budget: the increased costs of social programs, escalating energy prices, and the effects of hurricanes and war.

It's not the same nation--or the same world--as it was four years ago. The 2007 Farm Bill needs to reflect those changes and anticipate challenges to come. While we are food producers, we are also American citizens and taxpayers--and we understand that we must take a fresh look at government's relationship with and responsibility for agriculture, food production and rural development.

As corn producers, we have invested a great deal of time, money and intellectual capital in analyzing the most recent Farm Bill--and we have some recommendations that we believe can make the 2007 Farm Bill meet the needs of ag producers and America in an environment of increased budget pressure.

We believe part of the agricultural safety net should have a component based on net revenue--not price alone. More specifically it is anticipated that this component would establish a benchmark to assure 70% of a producer's five-year Olympic average of net revenue--which would include the program payments. The payment would be triggered when a producer's net income drops below the 70% threshold and would amount to the difference. This component also has the merits to be "green box-designated" for WTO compliance.

Basing the program on revenue provides the flexibility to account not only for production and price that producers receive for their crop (based on market conditions), but also the input costs of production. To some degree, all three aspects need to be factored in order to maintain an adequate safety net provision from commodity support programs. Using revenue indicators provides the advantage of greater stability of the safety net. With the proper structure, revenue based payments could be better tailored to local conditions, making them more effective for the farmers who truly need them--and more manageable and fiscally sound for the nation's taxpayers.

Support for maintaining the status quo likely comes from resistance to change, comfort with familiarity and a belief that the new farm bill must wait until the WTO talks are successfully completed. Our members remember the complaints and concerns regarding the deficiencies of the current program. Nebraska Corn Growers favor moving forward with a 2007 Farm Bill that at least maintains the current level of support, delivered through a revenue based safety net. We believe a revenue-based program is the best avenue toward ensuring that America's farmers have a strong safety net--providing protection for events beyond their control.

A price-based commodity program does not direct benefits in a beneficial way when and where they are needed most. When general production is abundant, thus lowering the market price, those who experience a substantial production shortfall receive less assistance in program support. Those producers experience an inadequate safety net even though they most need the assistance.

At the same time, we believe that a properly structured revenue payment program can significantly reduce the potential for manipulation, waste and fraud.

Most of the problems with the current program develop from losses experienced in the top range of expected income. Therefore, we propose a second component of revenue protection covering that 30% target. The payment would cover a shortfall below a revenue target determined by the multiplication of a county's expected production per acre times a national average price. The payment rate would be applied to the producers planted acres. The maximum support would be no more than 30% of the target. Since this protection is derived from current price and applied to current acres, it would be declared as "amber box" for WTO.

From the perspective of Congress, a revenue-based program could help moderate the fluctuations in farm payments that can occur from year to year and bring greater consistency to the payment process. Another positive to this approach is the potential reduction in the frequency of emergency payments for program commodities and the impact these payments have on the budget.

Where does the money come from? We believe that funding for this new approach could likely come from the reduction or elimination of LDPs, marketing loan gains, crop insurance premium subsidies and countercyclical payments that are integral to the current farm program.

As envisioned this two-component, revenue-based program would meet current WTO provisions--and would have the flexibility needed to adapt to potential changes in WTO rules. Also, this type of program has the potential to work for any crop.

Most importantly, a revenue-based commodity title program makes better use of taxpayer dollars--by investing government resources in a much more targeted manner for those producers who need the assistance the most.

In the area of conservation: Nebraska Corn Growers are advocates for maintaining a strong conservation title. It is our opinion that the primary programs administered by the NRCS for the most part are accomplishing what they were designed to address and should be continued. The one exception is the Conservation Security Program (CSP).

CSP today is nothing like it was portrayed during the debate for the 2002 Farm Bill. We realize that the program quickly became more expensive than anyone initially envisioned--and that the dollars simply are not there to provide meaningful payment to all producers the program was designed to involve.

Under-funding of CSP has resulted in inconsistencies in the implementation and increasing restrictions on eligibility. The CSP motto of "rewarding the best and motivating the rest" cannot be accomplished with the current funding level. A minority of the "best" is being rewarded, but the rest have no opportunity to participate at any level now or in the foreseeable future. Therefore, there is no motivation for the majority to adopt or improve conservation practices, as was the program's promise during the debate. A close look at the matrix used to rank participants reveals an effort with good intentions. As difficult as it is to say, the hard reality after three years of this effort is that it is time to cease the program. Furthermore, we see no new sources of funding for CSP and do not favor a shift of funding from the commodity title. We believe the Conservation Security Program is not working as intended and should not be included in the next Farm Bill.

Another critical note regarding CSP: In our opinion, the NRCS is not equipped with the funding or the manpower to administer the program. Self-compliance and spot checks leave much to be desired--casting serious questions about the agency's oversight of current programs.

We recommend that those program dollars targeted for CSP be redirected to under-funded conservation programs with proven benefit. An example is the EQIP program, which supports the livestock sector in particular--the largest customer for our corn and a critical market for the distillers grains produced by our ethanol plants. EQIP funds help maintain and strengthen our livestock sector for producers of all sizes--and that is critical for corn farmers and rural vitality.

We also recommend that some CSP dollars should be redirected to the NRCS to help shore up their ability to provide technical assistance to producers. NRCS is woefully understaffed and under-funded--and, as a result, the level of service and response does not meet our needs.

In terms of trade: We hear the talk about whether or not we're going to have the corn needed to meet our domestic demands for livestock, ethanol and new uses such as bioplastics--let alone continue our leadership in providing corn as a food product to the world. Let there be no question about it: Trade and trade agreements will continue to be important and essential to Nebraska corn producers--whether they occur in the WTO arena or in individual trade agreements with other nations. Global demand for ag products helps determine the final price we get for our product. It is imperative that U.S. farmers have access to good markets capable of paying a price that will sustain the growth of our ag economy.

Additionally, the export of distillers grains will continue to grow--and with it, the need to strengthen our ties with nations that can take advantage of this value-added co-product of our country's ethanol industry.

Research and rural development are two additional areas that need continued attention and support in the 2007 Farm Bill.

Even with the astounding growth in our ethanol industry, America's energy needs will not diminish. We need to continue to fund research focused on improving the efficiency of renewable energy from ag production--and discovering new ways to transform our agricultural commodities into energy solutions for America. While cellulosic ethanol certainly holds some promise for the future, right now we're making ethanol from corn and we expect to do so for some time to come--so let's continue finding ways to do it even better and even more costeffectively.

There is no question that the expansion of the ethanol industry has revitalized rural communities across the nation--and will continue to do so as more and more plants come on line. Still, the rural areas of our nation deserve continued investment and development--not only for crop and livestock producers, but also for the main street businesses, schools and families that have chosen to locate in rural America. For that reason, we strongly advocate continued federal investment in value-added grants, entrepreneurial assistance and other programs that are having a dramatic and positive effect on America's rural landscape.

Agriculture has always been central to the quality of life in America--providing a safe, reliable and affordable supply of food. With the passage of the Renewable Fuels Standard and the dramatic growth in the ethanol industry that has resulted, America has directed its hopes for the future into the hands of its farmers and the rural communities in which they live and work.

In other words, agriculture has become even more essential to the security, success and quality of life in the United States.

We believe that the changes suggested in this document can lead to a 2007 Farm Bill that strengthens America's leadership in agriculture--and makes sense for America's taxpayers.

Thank you for this opportunity to comment on behalf of the Nebraska Corn Growers Association.